

*AAA
Credit
Secrets*

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There's only one way that people are freeing themselves from the shackles of bad credit and that is to create a new credit file on themselves within the credit bureau's computer system. This new file won't have any of your previous credit on it. And as you read an you'll see exactly how to make sure that only your new credit file surfaces when someone is running a credit check on you. This sounds complicated but it's very simple as you'll see.

In the credit bureau's computer system are millions of people's names, personal information, and credit histories. With so much information stored on so many people it's common to find many people with the same names and birth-dates. Some of these cases maybe in the same city. The credit bureau has many identities entering their system for the first time or leaving permanently because of the thousands of births and deaths in America each day. Because of the vast number of people in this country and the massive amount of information being stored on every aspect of our lives, accompanied by increased legislation that restricts the ability of different computer agencies to cross reference or exchange information on citizens, a complex situation exists that limits even the most powerful computer system's ability to keep track of these gigantic reservoirs of information compiled on the American people! People that create new credit files on themselves understand these things very well.

Contrary to popular belief the computer is not fool proof. It can't think yet. so therefore, it's vulnerable to those that realize this. As it stands today they don't have artificial intelligence and can only act on what's put into them. The way people create a new credit file the credit bureau lacks the safeguards to protect itself from out side manipulation and are limited in their ability to tell if the information that's input into their system is accurate or inaccurate. And because of this there's hardly ever am investigation done on those that create a new credit file because of "how" they manipulate the system to their advantage. Taking all this into consideration, we've discovered the avenue through which new credit files are created called the "LOOPHOLE".

Your Name And Personal Information

There are 3 ways that people create a new credit file. One is to use their same name with different personal information. Another is to use the same personal information with a different first or last name. And last of all, they use an alias name with the same or different personal information. When I speak of personal information I'm talking about a person's birthdate, social security number, address etc.

It's up to you to decide which way is best for you. The credit bureau's computer has to match a person's name and personal information with what's stored

in it's memory banks or it won't be able to find the person's credit history! Anyone of the 3 variations mentioned in the previous paragraph throws the computer off in it's search for a person's credit history and as a result a - no record found - is reported back to those performing the credit check. A - no record found - means that a new credit file can be compiled on a person based on the name and personal information used in the initial credit check and would belong exclusively to the person desiring to do such! Thus, a new credit file is in the makings!

Just keep reading if you will and I'll show you how easy it is to get a drivers license or State ID card to match the name and personal information a person uses to create his new credit file. And I'll also show you how to establish credit on your new credit file.

Let's say that your name is John Doe and you were born on Jan. 38th, 1492, your social security number is 000-00-0000 and your address is 1234 Credit ave. Florida, Alaska. Now let's say that your credit is bad enough to get you turned down whenever you apply for additional credit and you want to get around this obstacle. If you changed your first name to another that starts with a different letter other than the first letter of your real name, such as Robert Doe instead of John Doe. and used your same personal information, a no record found - would surface during a credit check! If you kept your first name and changed your last name to another one that starts with a different letter other than the first letter of your real last name, such as, John Williams instead of John Doe, and used your same personal information, then a - no record found - will also surface. If you kept your real name, both first and last, along with your real birthdate (birthdate must always stay the same in order to match with the birthdate on your License or ID) and changed everything else in your personal information then a - no record found - would surface also.

With a completely different first and last name or alias you can keep all your original personal information or make up new personal information (remember that your birthdate must always stay the same) and a - no record found would surface both ways.

If for some unforeseen reason someone else's credit history shows up when trying to create your new credit file it means that you've accidentally chose

information that caused the computer to tap into another person's file that has the same name you're using. In the event this happens you'll have to repeat the creation process until a - no record found - shows up. Remember that a - no record found - means that the file is clear, not being used by anyone else and is exclusively yours!

Many states, especially California, allow people to use aliases for a number of reasons. People whose names are well known use aliases to escape publicity as they travel, check into hotels, etc. While some wealthy people use them to hide certain assets of theirs from the public's view. Some of these people have drivers licenses, social security numbers, credit cards and other credit in these names! A lot of them borrow money in these aliases. Some people have several aliases with a credit file on each name in the credit bureau's computer

Choosing A Social Security Number

Your social security number is the most important factor that has to be - adjusted - before creating a new credit file! If you decide to keep your same name, your social security number must be different in order to throw the computer off in the creation of your new credit file. If you decide to change the first, last or both parts of your name you can keep the same social security number. You don't have to worry about having to show proof of the social security number you use when applying for credit at most places. Creditors usually ask only for your license or State ID . And in just about all cases they'll take your word as to what your number is if you tell them you don't have a social security card.

On the following page is information titled, What's in a Social Security Number. Read it carefully. It lists the different numbers in a person's social security number (the first 3) that represents the State a person was born in. When changing your social security number all you have to do is substitute your first 3 numbers or State code with those of another State. The rest of your numbers can stay the same.

If you use a different social security number to create your new credit file you must also use the State whose 3 digit code you're using as your place of birth in your new personal history because the computer system has the state codes built in them and can spot false social security numbers or those prefixed with the wrong

State code when used with your place of birth! Remember that if you're changing your name you can keep your real social security number. The only time you'll change it is when you're keeping your real name.

If you're changing your real name you can also have the people at the Social Security Office to give you another card with your new name and same number printed on it. This way you'll have two social security cards. Each one will have the same number and a different name. All you have to do is go to their nearest office and apply for a name change on your card. Then all you have to do is show them your license with your new name on it (more about this as you keep reading) and also show them some type of proof of your original name. No court order is required and they'll mail you a copy of your new card with the name change on it.

Your New Drivers License or State ID

After you've decided which way you want to create your credit file you'll have to get a drivers license or ID to match. If you decide to keep your real name and use different personal Information to create your new credit file all you have to do Is have a routine address change on your license to match the one used for your new credit file.

In the event you decide to change your name to create your new credit file you'll have to get a duplicate license or ID to match the new name you're going to use. All you have to do is go to the driver's license bureau. Give them your license or ID number but don't let them know that you have your license or ID with you. Then tell them you want to get a duplicate license or ID because you've misplaced the original. At the same time tell them you want to make both a name and address change on your license or ID. In California they'll do this on your word no requiring a court order. In fact, they can't refuse to do this for you because it's standard procedure. They'll give you a sheet of paper to check the answers to a few questions. After you've completed the sheet give it back to them with the fee they charge to do everything. Then they'll take your picture and issue you a valid temporary drivers license or ID with the changes on it. It shouldn't take more than 3-4 weeks for you to receive your permanent picture license or ID. It will be good for 6 years. Doing things this way you'll have two licenses or

ID's. One will be in your real name with your real address on it and the other will be on in your changed new credit name with your new credit address on it.

When time comes to renew your license or ID, be it the real or changed one, simply take the license or ID for either one of them and had it along with their application for renewal and their fee to the clerk. Then they'll take your picture and renew it. And it's just that simple.

If you choose to create your new credit file by keeping your real name and using different personal information, you don't have to go to the drivers license bureau if all the new credit you want is in the form of credit cards only. In most cases all that's on a credit card is your name without an address or other personal information. So you can use your original license or ID without having to get any changes on it, even though when you applied for the cards you used a different address. The reason why you can do this is because when you use a credit card there's no address on it for a clerk to try to match with your license of ID. The clerk will only want to check to see if you have the name of their card on your ID or license.

But if you plan on obtaining major credit and will require you to come before people to show your license or ID then you'll have to get a duplicate with the address on it along with the same you'll be using.

One last point that needs to be made about your new duplicate license or ID that you might have to get is that even though the drivers license bureau will change your name and address on your word they won't change your birthdate. So because of this your birthdate must remain the same regardless which way you create your new credit file.

Some other states other than California require for you to bring in a court order to the drivers license bureau for a name change to take place on your license or ID. Most attorneys charge \$200 - \$700 for a name change. But if you fill out all the papers yourself, which is simple to do, it will cost you only \$10.

Once you sign the papers take them to the county court clerks office and leave them with the clerk along with your \$10 fee. The next day or two you'll be able to pick up the court order for your name change signed by the judge. In order for the name change to take effect you have to advertise it in a local paper. If you got the court order and didn't advertise the name change it wouldn't be official and

therefore wouldn't appear on your record. This is just what you want! Take the court order to the drivers license bureau and they'll make your name change on the duplicate license or ID that you'll be using for new credit purposes. But don't advertise the name change so it won't appear on your record!

Creating the New Credit File

Once that you have decided what name and personal information you want to use for your new credit file it's a simple matter to create the file and get the credit report on it. There are three ways to create the file. One way is to mail a letter to the credit bureau requesting for a copy of the file being mailed to you. The other is to go to the credit bureau to get your file. And last of all you can have a credit granting business that's a member of the credit bureau create the new file for you.

If you wrote to the credit bureau requesting a copy of your credit report in the name and personal information that you decided to use for your new credit file, then they would mail you a report on that file after they have typed your name and personal information into the system (where it will stay) to see if there's a credit history on the information you sent them. When you receive the report back from them it will more than likely have - no record found - on it. As I've stated, when they type your name and personal information into the system to see if there's a record of you being granted credit before, that information will stay in their system. In other words the computer will absorb the information you supplied them into their system as a new credit file when they search for any credit record in the name and personal information you gave them. And even if it comes back - no record found - it will still have in its system your personal information such as your name, address, birthdates, social security number, date of birth, place of employment, etc. Your goal is to act like you went your credit report so you can take a look at your credit history. What they won't know is that you already know that you don't have a credit history in that name and personal information and that this is your way of manipulating them to create a new credit file on you by performing a search for what they think is your file, thus creating another one for you in the process! Since your name and personal information stays in their system once they type it in to pull the report and a new credit file is created in the process, then you have truly taken advantage of the loophole in

the system to get your new credit file created!

Remember that once a person gets the credit report back it will more than likely have a - no record found - on it. And this means that the new created file has been created, it's clear to use the name and personal information you supplied, and the new credit is exclusively yours! Now you can easily re-establish or rebuild your credit wisely on that file.

The credit bureau would rather deal with people by mail as much as possible as opposed to having thousands upon thousands of people coming to their offices each day throughout the country. Also keep in mind that it's utterly impossible for them to investigate even a small amount of letters they receive, much less all of them, to see if the information people are supplying is accurate or not. They are more concerned with collecting the fees and keeping their work load down by sending out as many credit reports as possible than they are at finding the very small amount of letters from those smart enough to create a new credit file on themselves.

So because the mail is the best means for them to communicate with the public, along with the many variables and sometimes complex circumstances that warrant a person requesting a copy of his credit report, the credit bureau has no other choice but to send the requested report without question as soon as possible regardless if the information the person is using is accurate or not! The fact remains that you will have a new credit file created in their system along with a new credit report on that file! Depending on the time of year you request the file it could take from one week to two months to receive it back from them in the mail. Just be patient and wait for it because it's going to be sent back to you!

Once you've gotten the valid temporary driver's license or ID slip that they give you until the one with the picture on it comes, you can go down to the credit bureau with it and get a file created on the spot by requesting a copy of your credit report when you get there. They'll give you a paper to fill out asking for your name and personal information. Then they'll go to their computer and pull your credit report, thus creating a new credit file, for a \$8 - \$10 fee.

The safest way to go about creating a new credit file is to go to a business such as a jewelry store that's a member of the credit bureau and reports to them on all their clients. Take your valid temporary or permanent picture ID that you'll be using to

create your new credit file and apply for an inexpensive piece of jewelry for about \$100 on credit. They will give you a Credit application to fill out. Then they'll go to their credit bureau's computer terminal in their office and run a credit check on you by typing into their computer system your name and personal information in order to pull your credit report, thus creating a new credit file on you in the process! Next they may want you to give them a \$20 deposit on the jewelry with the rest of the cost to be paid in small monthly installments. After you make your first payment on the jewelry the following month they will report to the credit bureau that you have paid as agreed and it will show up on your new credit file as an A-1 rating.

The Best Way to Create Your New Credit File

The way that seems to be working best for people is for them to use their same name and birthday with all the other personal Information being changed. This way the only thing that has to be done at the driver's license bureau is a routine address change.

And instead of trying to go to the credit bureau or write them to get the new credit file created it works out better for people to go to a jeweler and get them to create their new credit file for them. Like I said this is working out with less problem than the other ways I've described to you. But it's up to you to decide which way you want to go about doing it for your self.

Employment References

After you've gotten your new credit report and matching license or ID you'll need an employment reference so that creditors you'll use to build a strong credit profile can call and verify that you are working before issuing you credit. If you decide to keep your name and use different personal information to get your new credit file and are employed. This presents no problem to you. Potential credit grantors don't question your employer to see if you gave the correct personal information. When they call they only want to know if you (the name you gave them) works there, how long and possibly how much money do you make. If you decided to change your name in order to create your new credit file and are also employed, all you have to do is take your new license or ID to your personnel

office or employer at your job and they will gladly make the name change on your records so when potential creditors call there it will be no problems.

In either case, if you're unemployed, a friend could be an employment reference for you or if you know anyone personally that owns a business, you can ask them if they will be an employment reference for you. Make sure that you tell them that it's only for credit purposes and won't involve taxes. It might work best if you give the person some money as an incentive for helping you.

You can also give the appearance that you are working when you are really unemployed by getting a business phone line placed in a friend's home with an answering service attached. Then you can have it listed in the phone book because creditors do check to see if businesses are listed sometimes. Having it in a corner of a friend's house and listed would give it a different address other than your own. If you would rather have it at your home you can have only the phone number listed and not the address. Then all you have to do is tell the potential creditors that you work with a small company that's into sales and sometimes everyone is out in the field. But the owner will get back in touch with them if they leave a message on the recorder. This is something that creditors run into sometimes and they won't be surprised at you telling them this. But what they won't know is that either you or one of your friends will be returning their call and giving you an excellent job verification.

Sometimes creditors ask to see a check stub from your job. This is an easy thing to get around. All you have to do is open a business account and order the checks that have the most business-like check stubs. Remember to always type out your check stubs whenever you have to use them. It usually takes the bank a couple of weeks to get you your permanent checks. As soon as you get them you can close the account, if you want to, because all you wanted was the check stubs. And always start off using the check with the largest number on it. This will require you to get checks from the rear of the check books. This will make the creditors think that the business has been in business much longer than it has!

Bank Loan Procedure

These loans are not designed to put money in your pocket. They are designed to get banks to trust you and start loaning you money along with posting A-1 credit ratings on your credit report to show you credit worthy. The best credit reference you can furnish is a record of having borrowed money from a bank. Since bank loans are hard to get, a good reference will usually rate you as AAA-1 and open the doors to the credit world for you. The following is a technique for using the banks money to build an excellent credit rating for yourself.

First of all go to a bank of your choice. Make sure they report to the same credit bureau that you are building your credit file at. Open a regular savings account there for no less than \$100. Wait 3 days for the account to be posted and then go back to the same bank and ask for a \$100 loan offering your savings account as collateral. Since your loan is totally secured by your savings account the bank won't even make a credit or employment check. Take the \$100 loan, go to another bank and do it all over again. Go to at least 3 banks doing the same thing. Ask for a 6 or 12 month payment plan for each loan and take your payment account passbook with you each time you ask for a loan because you'll have to surrender it to the bank in order to get the loan. After leaving the third bank you'll still have the \$100 cash in hand. Now go to a fourth bank and open a checking account if you don't already have one. Wait two days, then make one monthly payment on each bank loan from your new checking account. Wait a full week and send your second monthly payment to each bank. Repeat one week later with your third month's payment.

Once you've followed my plan you'll be eligible for signature loans, credit cards, home or auto financing, or anything else. A credit investigation at this point will list you as an excellent credit risk. And why not? Within 30 days you'll have an active checking account, three \$100 savings accounts and three \$100 loans on which you are three months ahead on payments. You'll also have 3 A-1 credit ratings on your credit report. And as you continue reading you'll see that you'll also have a fourth A-1 credit rating from the bank that will issue you your visa and/or MasterCard.

By making the first 3 payments you have unfrozen equal amounts of cash in your savings account. You can now withdraw enough money from your savings

account to make your upcoming payments. Continue In this manner until the loan Is paid off. You'll still retain most of your original \$100 because it continues to draw interest while used as collateral. This helps offset the interest charges you pay. Try to keep a little money in each savings account for future references.

Credit Scoring System

AGE	POINTS
18-21	0
22-25	1
26-64	2
65-69	1

MARITAL STATUS

Married	1
Single	0
Separated	0
Widowed	0
Divorced	0

DEPENDENTS

No Dependents	0
One to three	2
Over three	1

RESIDENCE

Rent Unfurnished	2
Rent Furnished	1
Own without Mortgage	4
Own with Mortgage	3
Live with Parents	1

PREVIOUS RESIDENCE

0 to 5 Years	0
6 Years and up	1

MONTHLY OBLIGATIONS

0 to \$250	1
Over \$250	0

CREDIT HISTORY

Loan at this Bank	4
Loan at Other Bank	3
Savings Account	2
Checking Account	2

OCCUPATION

Professional	3
Skilled	2
Unskilled	1

YEARS WITH EMPLOYER

Under One	0
One to Three	1
Four to Seven	2
Eight or Over	3

MONTHLY INCOME

Under \$600	1
\$600 to \$1,000	2
\$1,000 to \$1,250	3
\$1,250 to \$1,500	4
\$1,500 to \$2,000	5
\$2,000 and Over	6

TELEPHONE

Listed in Applicants Name	2
Not Listed in App's Name	0

In most cases, 18 points is the minimum number of points acceptable if you are to receive an unsecured loan. The factors most leading institutions weigh the heaviest are a good salary, a good paying record and minimal obligations.

Some of you can institute this procedure with \$300 or \$1000 or more. Remember that the more money you use the better your credit report will look to credit grantors.

DO NOT ATTEMPT THIS BANK LOAN PROCEDURE UNTIL YOU'VE GOTTEN YOUR NEW CREDIT REPORT. THIS WAY THE STRONG CREDIT PROFILE YOU'RE BUILDING WON'T SHOW UP ON YOUR OLD CREDIT REPORT WITH ALL YOUR BAD CREDIT ON IT.



A Social Security Number (SSN) consists of nine digits, commonly written as three fields separated by hyphens: AAA-GG-SSSS. The first three-digit field is called the "area number". The central, two-digit field is called the "group number". The final, four-digit field is called the "serial number".

The process of assigning numbers has been changed at least twice. Until 1965, only half the group numbers were used. Before 1972, numbers were assigned by field offices; since 1972, they have all been assigned by the central office. The order in which numbers were assigned was changed in the 1972 transition. There may have been other changes, but it's difficult to get information on how things used to be done.

Area Numbers

The area numbers are assigned to geographical locations. They were originally assigned the same way that zip codes were later assigned (in particular, area numbers increase from east to west across the continental US as do the ZIP codes). Most area numbers were assigned according to state (or territorial) boundaries, although the series 700-729 was assigned to railroad workers regardless of location (this series of area numbers was discontinued in 1964 and is no longer used for new SSNs). Area numbers assigned prior to 1972 are an indication of the SSA office which originally issued the SSN. Since 1972 the area number in SSNs corresponds to the residence address given by the applicant on the application for the SSN.

In many regions the original range of area number assignments was eventually exhausted as population grew. The original area number assignments have been augmented as required. All of the original assignments were less than 585 (except for the 700-729 railroad worker series mentioned above). Area numbers of "000" have never been issued.

001-003 NH	400-407 KY	530 NV
004-007 ME	408-415 TN	531-539 WA
008-009 VT	416-424 AL	540-544 OR
010-034 MA	425-428 MS	545-573 CA
035-039 RI	429-432 AR	574 AK
040-049 CT	433-439 LA	575-576 HI
050-134 NY	440-448 OK	577-579 DC
135-158 NJ	449-467 TX	580 VI Virgin Islands
159-211 PA	468-477 MN	581-584 PR Puerto Rico
212-220 MD	478-485 IA	585 NM
221-222 DE	486-500 MO	586 PI Pacific Islands*
223-231 VA	501-502 ND	587-588 MS
232-236 WV	503-504 SD	589-595 FL
237-246 NC	505-508 NE	596-599 PR Puerto Rico

247-251 SC	509-515 KS	600-601 AZ
252-260 GA	516-517 MT	602-626 CA
261-267 FL	518-519 ID	627-645 TX
268-302 OH	520 WY	646-647 UT
303-317 IN	521-524 CO	648-649 NM
318-361 IL	525 NM	*Guam, American Samoa,
362-386 MI	526-527 AZ	Philippine Islands,
387-399 WI	528-529 UT	Northern Mariana Islands

650-699 unassigned, for future use

700-728 Railroad workers through 1963, then discontinued

729-799 unassigned, for future use

800-999 not valid SSNs. Some sources have claimed that numbers above 900 were used when some state programs were converted to federal control, but current SSA documents claim no numbers above 799 have ever been used.

Group Numbers

The group number is not related to geography but rather to the order in which SSNs are issued for a particular area. Before 1965, only half the group numbers were used: odd numbers were used below 10 and even numbers were used above 9. In 1965 the system was changed so assignments continued with the low even numbers and the high odd numbers. So, group numbers for each area number are assigned in the following order:

Odd numbers, 01 to 09

Even numbers, 10 to 98

Even numbers, 02 to 08

Odd numbers, 11 to 99

Group codes of "00" aren't assigned

In each region, all possible area numbers are assigned with each group number before using the next group number. This means the group numbers can be used to

find a chronological ordering of SSNs within a region. When new group numbers are assigned to a state, the old numbers are usually used up first.

SSA publishes a list every month of the highest group assigned for each SSN Area. For example, if the highest group assigned for area 999 is 72, then we know that the number 999-04-1234 is an invalid number because even Groups under 9 have not yet been assigned.

Serial Numbers

Serial numbers are assigned in chronological order within each area and group number as the applications are processed. Serial number "0000" is never used. Before 1965, when number assignment was transferred from field offices to the central office, serial numbers may have been assigned in a strange order. (Some sources claim that 2000 and 7000 series numbers were assigned out of order. That no longer seems to be the case.) Currently, the serial numbers are assigned in strictly increasing order with each area and group combination.

Invalid SSNs

Any SSN conforming to one of the following criteria is an invalid number:

- Any field all zeroes (no field of zeroes is ever assigned).
- First three digits above 740

A pamphlet entitled "The Social Security Number" (Pub. No. 05-10633) provides an explanation of the SSN's structure and the method of assigning and validating Social Security numbers.

This description of the structure of the Social Security Number is based on messages written by Jerry Crow and Barbara Bennett. The information has been verified by its correspondence to the SSA's Program Operations Manual System (POMS) Part 01, Chapter 001, subchapter 01, which can be found at Federal Depository Libraries. (SSA Pub. No. 68-0100201.)

FTC, October 1993

How does a creditor decide whether to lend you money for such things as a new car or a home mortgage? Many creditors use a system called "credit scoring" to determine whether you are a good credit risk. Based on how well you score, a creditor may decide to extend credit to you or turn you down. The following questions and answers may help you understand who gets credit, and why.

What is Credit Scoring?

Credit scoring is a system used by some creditors to determine whether to give you a loan or credit card. The creditor may examine your past credit history to evaluate how promptly you pay your bills and look at other factors as well, such as the amount of your income, whether you own a home, and how many years you have worked at your job. A credit scoring system awards points for each factor that the creditor considers important. Creditors generally offer credit to those consumers awarded the most points because those points help predict who is most likely to pay back the debt.

Why is Credit Scoring Used?

In smaller communities, shopkeepers, bankers, and others who extend credit often knew by word of mouth who paid their debts and who did not. As some creditors became larger and as the number of their consumer credit applications grew, these creditors needed to establish more systematic and efficient methods for evaluating which consumers were good credit risks. Credit scoring is one such technique.

Although smaller creditors still may rely on informal credit evaluations, many large companies now use formal credit scoring systems. Although no system is perfect, credit scoring systems can be at least as accurate as informal methods for granting credit -- and often are more so -- because they treat all applicants objectively.

How is a Credit Scoring System Developed?

Most credit scoring systems are unique because they are based on a creditor's

individual experiences with customers. To develop a system, a creditor will select a random sample of its customers and analyze it statistically to identify which characteristics of those customers could be used to demonstrate creditworthiness. Then, again using statistical methods, a creditor will weigh each of these factors based on how well each predicts who would be a good credit risk.

How is a Consumer's Application Scored?

To illustrate how credit scoring works, consider the following example that uses only three factors to determine whether someone is creditworthy. (Most systems have 6 to 15 factors.)

Example

Monthly income Points Awarded

Less than \$400	0
\$400 to \$650	3
\$651 to \$800	7
\$801 to \$1,200	12
\$1,200 +	15

Age

21-28	11
28-35	5
36-48	2
48-61	12
61	+ 15

Telephone in home

Yes	12
No	0

Some credit scoring systems award fewer points to people in their thirties and forties, because these individuals often have a relatively high amount of debt at that stage of their lives. The law permits creditors using properly-designed scoring systems to award points based on age, but people who are 62 or older must receive the maximum number of points for this factor.

If, for example, you needed a score of 25 to get credit, you would need to make sure you had enough income at a certain age (and, perhaps a telephone) to qualify for credit.

Remember, this example shows very generally how a credit scoring system works. Most credit scoring systems consider more factors than this example -- sometimes as many as 15 or 20. Usually these factors are obviously related to your credit worthiness. Sometimes, however, additional factors are included that may seem unusual. For example, some systems score the age of your car. While this may seem unrelated to creditworthiness, it is legal to use factors like these as long as they do not illegally discriminate on race, sex, marital status, national origin, religion, or age.

How Valid is the Credit Scoring System?

With credit scoring systems, creditors are able to evaluate millions of applicants consistently and impartially on many different characteristics. But credit scoring systems must be based on large enough numbers of recent accounts to make them statistically valid.

Although you may think that such a system is arbitrary or impersonal, a properly developed credit scoring system can make decisions faster and more accurately than an individual can. And many creditors design their systems so that marginal cases -- not high enough to pass easily or low enough to fail definitively -- are referred to a credit manager who personally decides whether the company will extend credit to a consumer. This may allow for discussion and negotiation between the credit manager and a consumer.

What Happens If You Are Denied Credit?

While a creditor is not required to tell you the factors and points used in its scoring

system, the creditor must tell you why you were rejected for credit. This is required under the Equal Credit Opportunity Act (ECOA).

So if, for example, a creditor says you were denied credit because you have not worked at your current job long enough, you might want to reapply after you have been at that job longer. Or, if you were denied credit because your debt-free monthly-income was not high enough, you might want to pay some of your bills and reapply. Remember, also, that credit scoring systems differ from creditor to creditor, so you might get credit if you applied for it elsewhere.

Sometimes you can be denied credit because of a bad credit report. If so, the Fair Credit Reporting Act requires the creditor to give you the name and address of the credit reporting bureau that reported the information. You might want to contact that credit bureau to find out what your credit report said. This information is free if you request it within 30 days of being turned down for credit. Remember that the credit bureau can tell you what is in your report, but only the creditor can tell you why it denied your application.

Where Can You Go For More Information?

If you have additional questions about credit scoring issues, write to:
Correspondence Branch, Federal Trade Commission, Washington, D.C. 20580.
While the FTC cannot resolve individual problems for consumers, it can act when it sees a pattern of possible law violations.

By John J. Hawk, Sr.

A few words from the author

It's sad but true. A large percentage of Americans suffer from a blemish on their credit reports. A blemish that prevents them from obtaining new credit when they need it most. Bad credit is embarrassing, humiliating, and depressing because

most creditors believe a bad credit report dictates a person's worth and value as a responsible human being.

Most people with bad credit are not "deadbeats" nor are they unwilling to pay their obligations. In fact, if you like most people, you probably maintained a good credit profile until an unforeseen circumstance like a layoff, medical problem, or divorce prevented you from making a few payments in a timely manner.

The truth is that most people struggle long and hard to meet their obligations but the money coming in just doesn't meet the bills going out. If you find yourself in this type of situation, you must be very careful and selective about which bills get paid. If the circumstances become serious enough, you may even have to file for bankruptcy protection.

You are not alone. You're not the first person to decide to put food on the table or keep the electricity on rather than paying a credit card bill. You can be sure that most people would rather protect their family and their loved ones first, and then pay their creditors. Even the collection agents, the ones that call and harass other people about their obligations, would certainly protect themselves first if faced with the same tough decision.

Now, by knowing, understanding and utilizing your legal rights you can begin taking the steps of regain the good credit you once had and reward yourself with the confidence necessary to rebuild your financial independence and freedom. Of course you must protect your new credit report with honesty, integrity, and common sense.

So, as you begin your journey to establish a new credit report, I would first ask you to stop feeling guilty about your previous inability to pay your creditors. It may or may not have been your fault. That is and will remain in the past. Look forward to a new start, new credit report, and a new chance.

As publishers, we are not engaged in giving any legal or accounting advice. If you desire and want professional legal advice, please go to our Legal Services Page to get the legal representation you need at a price you can afford.

- John J. Hawk, Sr.

Introduction

Unfortunately today, we live in a society that determines our net worth and value as a human being by the type of credit file we have. If your credit report is good, chances are you will receive and partake of some of the better things in life. But the opposite couldn't be more true if your credit report is bad. There are very few creditors who will extend good credit to people with bad credit.

But what if it wasn't your fault? What if you had to make the simple choice between eating and making your car payment? What if a job lay-off, a medical emergency, or some other personal crisis prevented you from making a timely payment? Should you be forced to pay for this for the next seven to ten years?

The credit bureaus are judge and jury in relation to your credit file. But there is one difference. A judge will at least give you the chance to defend yourself in court before passing judgment. And in America we are SUPPOSED to have a chance to face our accusers BEFORE judgment is passed. This is entirely untrue when it comes to your credit file.

The truth is that your creditors and the credit bureaus have been swapping information about you behind your back for a long time. You are not asked or given any benefit of defense when this happens. It is in effect legal gossip!

The system, as it stands today, does not give you the opportunity to defend yourself before inscribing your credit file with negative information, even if it is not yours! You must prove to them that the negative information on your credit file is incorrect, invalid or otherwise erroneous before they will remove it. That means in their eyes, you are GUILTY until proven INNOCENT.

You might wonder how a system like this is allowed to operate in our DEMOCRACY, in a country where we've been brought up to believe that a person is innocent until proven guilty. Why aren't we extended some courtesy by the credit bureaus? Why don't they give us a chance to defend ourselves before placing negative information on our credit files?

Good questions, aren't they? You may not like the answer though... THEY DON'T HAVE TO! The credit bureaus are private companies and corporations. They are in business to make a profit. And that profit comes from one place and one place only: YOUR CREDITORS.

Your creditors pay to see your credit file information and believe it to be true and

correct. They also reciprocate by exchanging your credit information with the credit bureaus. So... your creditors pay the credit bureaus and the credit bureaus are in business to make a profit. Where do you fit in? You don't.

Unfortunately you are just another number in the vast data bank of numbers. Your credit report and the information it contains are not important or of any consequence to anyone but you. That's why you are the only one that can do anything about it.

Well my friend, that's why I put this information together and developed this unique program. I have seen too many people destroyed by the credit reporting system. I have watched helplessly by the wayside as their credit files were corrupted and their self dignity was destroyed in the process.

So many people with poor credit have done their best to make timely payments but couldn't because of a personal problem or another. Should they pay for this both financially and emotionally for the next seven to ten years? I don't believe so. I believe everyone deserves a second chance. I believe that you deserve a second chance, no matter what the previous circumstances were. Put those problems behind you now. It's time to move on and re-establish a good credit file.

YOU CAN remove past negative information it will take time and tenacity. The process is simple but it's not easy. It will take some work on your part, but if you're serious about getting a second chance, you won't mind.

Congratulations! You are about to take the final steps necessary to begin a brand new life with good credit! Study the material, use the information and get a new start!

A Few Comments On Credit Repair Companies

Over the past fifteen years or so, many "Credit Repair Companies" or "Credit Clinics" have opened up across the nation. Their main purpose is to help the individual remove incorrect and negative items from their credit report.

Unfortunately, some of these outfits are scams from the word "GO" and have given the whole industry a bad name. They take the consumer's money and then tell them it will take months to get results, then disappear without a trace. With the information we have provided you with here, you have no need to take that

chance. If, however, you decide to hire one of these companies, check them out! First, if the sales person or company uses the word "Guarantee" or "Delete", Run and don't look back! There is no way to "Guarantee" that ANYTHING will be removed from the credit report! Think about it for a minute. Unless he or she is going to "hack" into the credit bureau's computer, how can he guarantee anything? The Clinic is NOT the one that "deletes" the information!

Ask to see their license, get a copy of it, and then contact your State's Secretary of State to make sure that the company has obtained and maintained the necessary license and/or bond. In the State of Nebraska all companies, organizations, or individuals that provide credit services MUST (with NO exceptions) obtain a "Credit Services Organization License". If they charge a fee BEFORE they provide the services they promise, they MUST also maintain a \$100,000 Surety Bond for TWO YEARS after they cease doing business in the state. While you are on the phone with the Secretary of State's office, ask if there have been any unresolved complaints against the company. Find out how long they have had their license as well.

There have been a number of credit clinics that guarantee to remove any derogatory items from consumer's credit report.

Contact the Attorney General's office in your state as well, see if there have been any complaints and find out if they are under any kind of investigation. The Better Business Bureau is also another good organization to check. My company wasn't just LISTED with the BBB, we were actually members of the organization as well.

If the firm tells you that you can not take a day to think about it or that it is a 24 hour offer tell them to take a hike! They were trying to scam you! Tell them that you want a copy of the contract you will be signing and any disclosures so that your attorney can take a look at it. If they balk, again, good for you, you just flushed out another con-artist. Call the Attorney General to have them investigated so no one else will fall into their trap! To have unlimited contracts reviewed by an attorney, and tons of other legal services, please visit our Legal Services Page.

For five years I owned and operated a company here in Omaha that not only assisted individuals and families re-establish their credit reports and obtain new forms of credit; but we also helped establish a budgets, and save money. The last

two items were more important than the first two! If nothing else, TIME will repair a damaged credit report. But without the proper savings and budgeting, the smallest disruption in an individual's cash flow will destroy the BEST credit report. In fact, the "better" the credit, the more potential for damage there is! I will encourage you to go to your local book store and obtain a book on budgeting. Talk to a family member, friend, or clergyman to get help on setting up and sticking to a budget. One of the reasons people run into the credit situations they do is because when the emergencies hit, there is nothing to fall back on. Don't let it happen again! Protect your good credit and your good name!

Ten Greatest Myths About Your Credit

Credit Bureaus are empowered with some kind of governmental authority.

Credit bureaus have no legal authority at all, they are simply private companies who are in the business of selling credit information.

The credit bureaus are required by law to keep derogatory items on your credit report for 7 to 10 years.

There is no law that the credit bureaus report anything on you at all. Just the opposite is true! Credit bureaus are required by law to automatically remove all derogatory items older than 7 years or in the case of a bankruptcy, 10 years.

It is impossible to get a bankruptcy off.

Bankruptcies come off just like any other derogatory that is incorrectly reported, obsolete, erroneous, misleading, incomplete, or that cannot be verified.

Remember, the nature of the item has nothing to do with its removal under the Fair Credit Reporting Act.

The information on your credit report cannot be changed.

The opposite is true under the Fair Credit Reporting Act; both the federal and various state laws REQUIRE that items be removed if they are not 100% accurate or cannot be verified in a timely manner.

It is illegal or immoral to have the information on your credit report altered or removed.

Not only is it not illegal or immoral, but it is what the Fair Credit Reporting Act is

all about. It was enacted by congress for the very purpose of protecting consumers from the intrusion of the credit bureaus into our lives.

Paying a past due debt removes it from your credit report.

Just because you pay an old debt does not change or erase the fact that at one time you were not paying on it as you agreed. Can this record be changed? Absolutely!

Inquiries are not derogatory and will not affect your credit standing.

Anything that erodes your financial credibility is damaging to your credit standing. In the case of inquiries, one or two is not too bad, but any more than that and they begin to tell a story of their own. Any prospective credit grantor will look at your credit report and think that you are desperate for credit.

If you get a derogatory item removed, it will just come back.

Not if it is removed legally. When it is removed with cause under the Fair Credit reporting Act it cannot legally be placed back on your credit report. The same law that required its removal prohibits it from being placed back on.

The past equals the future.

This is the biggest myth of all. The concept that once bad, always bad, or at least for 7 years is totally false. Anybody can run into hard times or an emergency situation now and then, but that doesn't automatically mean that they are a poor credit risk for a magical 7 years. The simple truth is, no credit report can predict the future.

I can't repair my credit report myself.

Yes, you can! And you will find all of the information you need to do it right here! The simple truth is you don't have to live with bad credit or pay thousands of dollars to have it corrected.

The History Of Consumer Credit

Before you establish your new credit identity, it is important to understand how the credit reporting system works, how it operates and how it affects you.

The roots of consumer credit goes as far back as man can remember. It starts with someone or some business having a product or service to sell. Either the price of the product is beyond the reach of the average person or payment for the product

is not convenient at the time of sale and that's what gives birth to a consumer credit program.

Take, for example a moderately priced automobile at \$13,500. The manufacturer, in order to make a profit, needs to sell many vehicles at this price. But how many of us can plop down \$13,500 in one lump sum?

If the manufacturer only sold automobiles to people who could afford to pay in one lump sum, he would sell very few cars. Consequently, the price would skyrocket from \$13,500 to let's say \$113,500, due to the manufacturer's need to make an equitable profit. On the other hand, the manufacturer couldn't make any money if he sold the same automobile for \$400.

So the manufacturer needs to sell the automobile at a price consistent with perceived value and quality, but still make it available to people who don't have the entire \$13,500. That's why the automobile loan business is so big.

Let's take a look at another example. Actually, this next example is rooted deep in our history. When the payment for products or services is inconvenient at the time of sale, a merchant (or creditor) typically offers payment terms, usually within 30 days.

This type of consumer credit can be traced back to the General Store days when a patron would typically pick up a few things, charge them to an open account and agree to pay the entire account by the end of the month.

Those days are pretty much long gone, replaced by major credit cards and department store cards. But the principle is still the same. The only difference today is that theoretically you never have to completely pay off a charge account. As long as you pay the interest on the account or the minimum payment, you can continue to charge to this account, up to the credit limit, without ever paying off the original debt. This is how a lot of people get into serious trouble and consequently damage their credit files almost irreparably.

As an evolution of this process, it was natural that some kind of credit reporting system would emerge.

Creditors became concerned that they were doing business with a consumer who would repay their account in a timely fashion, and had proven timely repayment

with other creditors as well.

So the credit bureaus were born and began to track credit information on individuals and businesses, selling that information to subscribers (creditors) and receiving information as well.

You should understand that the relationship between the credit bureau and the subscriber can (with your permission only) receive information about your current credit status. But, in exchange, the subscriber must provide payment history and account information to the credit bureau. This, however, transpires without your permission.

In other words, only you can authorize access to your credit file but once you have, your creditor has carte blanch to report any credit information on your file he chooses, even if the information is incorrect!

The Credit Bureau System

Note that the credit bureaus are private, not government credit reporting companies. All three companies are listed on the New York Stock Exchange. They are in business to make money just like any other business.

Their business is to store information reported by many creditors, and in turn, sell back credit bureau information to those same companies. The more credit data that the credit bureau can provide on any individual is to their advantage.

How Credit Bureaus Get Their Information

SUBSCRIBERS

Companies that subscribe to the credit bureaus' services send credit history to the credit bureau. Updates are sent by the creditor to the credit bureau periodically. It should be noted that since the creditors report at different times to each credit bureau, different amounts and dates can appear on each credit report. Many times this information is reported incorrectly and inaccurately.

Creditors that report to the credit bureau are most often banks, savings and loans, mortgage companies, large department stores, finance companies, VISA and MaterCard banks, oil companies and companies that are members of the credit bureau.

PUBLIC RECORDS

Credit bureaus also get their information from public records such as the local courthouse. This information may include judgments, bankruptcies, tax liens, wage attachments and notice of default on properties. It may be noted that the credit bureau may pick up from the public record a notice of default but later fail to record the correct information if the default was corrected.

MISSING INFORMATION

In reviewing your credit report you may notice that much information is missing or inaccurate. The reason for missing information is that not all creditors belong to the credit bureau. For example, if you are paying off a bill with a small store, and they are not a member of the credit bureau, your good payments will not be reported on your credit report. For a small fee, you are able to list this good credit on your credit report.

The Credit Bureaus

Across the Nation there are three major credit bureaus; TransUnion, Equifax, & Esperian (TRW). There are, however over 2,000 smaller credit bureaus located in every medium size city in the United States. Because each of these smaller credit bureaus may or may not be affiliated with one of the "Big Three", they will have different information in the consumer's credit file. When you apply for credit, a creditor might check only one credit file. If they find anything derogatory on your credit report, they probably will not check with the other credit bureaus.

If you are denied credit, the creditor, by law, has to let you know which credit bureau has the negative information. However, the other credit bureaus may also have the incorrect information. Therefore, when checking your credit you need to look at all of the credit reports.

The three major credit bureaus are:

TransUnion

P.O. Box 390

Springfield, PA 19064

(800) 851-2674

TRW/ Esperian
P.O. Box 949
Allen, TX 75013-0949
(800) 392-1122

Equifax
P.O. Box 105873
Atlanta, GA 30348
(800) 685-1111

ACCEPTABLE RATINGS

Ratings TO Accept

PAID IN FULL AS AGREED

CREDIT LINE CLOSED BY CUSTOMER

NOT RATED (TO NEW)

R1 RATING

DISPUTED (only if you feel that it is the best you can get)

DISPUTE AFTER RESOLUTION (same as above)

Ratings NOT TO Accept

BANKRUPTCY

DISCHARGED BY BANKRUPTCY

CONSUMER COUNSELING

DISPUTE AFTER RESOLUTION

DISMISSED

UNPAID

MAKING PAYMENTS

SKIP**WAGE EARNER BANKRUPTCY****Your Credit Report And Rights As A Consumer**

Under the Federal Fair Credit Reporting Act, you:

- May obtain a credit report from the credit bureau for a reasonable fee (\$8 to \$15).
- May obtain a credit report from the credit bureau at no charge within 30 days of being rejected for credit. You must send a copy of the rejection letter to the credit bureau.
- May be represented by anyone of your choice at the credit bureau.
- May dispute any information on the credit report that you feel is listed incorrectly. The credit bureau must re-investigate the information and within a reasonable time, verify the information. A reasonable time has been construed to be 20 working days by some credit bureaus.
- May have derogatory information such as late payments and judgments taken off the credit report within 7 years. Bankruptcies will come off in 10 years.
- May place a 100-word consumer statement in your file to tell your side of any derogatory information.
- May have the credit bureau notify those you name (at no cost to you) who have previously received incorrect or incomplete information on you and provide them with the corrected credit report.
- May have your credit report withheld from anyone, who under the law, does not have a legitimate need for the report.
- May sue the credit bureau if it willfully or negligently violates the law.

The above nine items just list a few of your consumer rights.

The Federal Trade Commission

The federal Trade Commission is responsible for correcting any credit report problem which a consumer has not been able to correct through the credit bureau.

FTC Headquarters

Federal Trade Commission

Pennsylvania Avenue & 6th Street, NW

Washington, D.C. 20580

(202) 523-3830

California : 450 Golden Gate Ave., San Francisco, CA 94102

California : 11000 Wilshire Blvd., Los Angeles, CA 90027

New York : 26 Federal Plz., New York, NY 10278

Texas : 8303 Elmbrook Dr., Dallas, TX 75274

Illinois : 55 E. Monroe St., Chicago, IL 60603

Ohio : 668 Euclid Ave., Cleveland, OH 44114

Washington : 915 Second Ave., Seattle, WA 98174

Colorado : 1405 Curtis St., Denver, CO 80201

Georgia : 1718 Peachtree St., Atlanta, GA 30367

Massachusetts : 150 Causeway St., Boston, MA 02114

If you feel there is a violation of your credit report, you may write to the nearest FTC office with a copy of it going to the FTC, Washington, D.C. office.

Don't expect the FTC to take an active interest in your case. They are there to monitor the credit bureau and only to take an active interest in the problem if there are many complaints about the same problem. If you have written the FTC, continue working to correct or restore your credit during this time.

Analyzing And Disputing - The Repair Process

Disputing information on your credit report...

This method is for direct correspondence with the credit bureau. If you find anything inaccurate, incomplete, incorrect, or obsolete, you have the right to dispute that item on your credit report.

The credit bureau then has a reasonable time to contact the creditor and have them verify the disputed item. A reasonable amount of time under the Federal Law has been construed to be 20 working days. However, you need to understand that with this type of transaction, it could take from four to eight weeks to receive your reply back. Technically, if the credit bureau does not respond back within 30 days, the incorrect or inaccurate item must be removed. If, after the credit bureau investigates the item and the information is found to be inaccurate or no longer can be verified, the credit bureau must delete the item in question.

It should be noted that when a negative item is more than two or three years old, many creditors will not respond to the credit bureau because of lack of records. Therefore, by law, the bureau should remove the item from your report. Since most creditors do not have the space to retain records for a long period of time, there may not be any documentation about your payment history.

Understand also that the creditor does not have to provide documentation to the bureau of the disputed item. They simply check various boxes on the statement as to whether you were late, paid on time, etc.

Steps to Dispute

- Get your credit report.
- Review your credit report.
- Decide which items you want to dispute.
- Write letters.
- Always hand write your letters in your own handwriting.
- Keep copies of all correspondence.
- Keep separate file copies on each credit bureau.
- Follow up if needed.
- Obtain results.

Make sure that when you dispute items on your credit report you do not dispute

more than three items at a time. Get those corrected before you dispute three more. Persistence and patience are what you need to get the job finished. Just remember that it usually takes years to get incorrect or inaccurate information ON your credit report. Therefore, your credit report will sometimes take many months to completely clean up.

It is important that you keep copies of all correspondence going to and from the credit bureaus. Also keep separate folders for each credit bureau. That will mean three folders if you are disputing information on each credit bureau. (Example: Type your label to say: Esperian (TRW) Correspondence; Equifax Correspondence, and TransUnion Correspondence.)

If you do not receive a letter back within 3 to 5 weeks, send a follow-up letter along with all previous information. Credit bureaus are required to send you the results along with an updated credit report.

Areas of Dispute

Account Paid as Agreed - After reviewing my credit report, I found where "Account name" and "Account Number" was paid in full and as agreed. Your rating is inaccurate. Please change this information immediately to reflect the current status.

Charge Offs - I paid "Account Name and Account Number" as agreed. You show this as a charge off, which cannot possibly be correct. Please correct the way you are reporting this. (Charge Offs are an amount the department store has written off as a bad debt. It is then listed on the report as a charge off).

Not Mine - I do not recognize this account, nor have I ever been associated with them. "Account Name and Account Number" needs your complete attention.

Please conduct your investigation and remove this from my file. Use this sparingly and only if all else fails. The creditor DOES NOT have to investigate further after locating your information (specific dates, amounts, etc...) They simply have to find your SS#, DOB, Etc...)

Late Payments - I was never late paying "Account Name and Account Number". I have always paid this account as agreed and on time. Please update your information.

Collections - This cannot be accurate. I have never had any of my accounts go into

collection. Please review and remove from my file.

Judgements - I have never had a judgment against me, and you show I have two of them Case # and Case #. Please review and remove from my file.

Tax Liens - This is not mine. I was not aware of this until I received a copy of my credit report. Please review and remove.

Bankruptcy - This is not my bankruptcy. I have never filed bankruptcy. Please review and remove. The bankruptcy listing is not correct. Please remove. (Note that the dollar amount or date may be incorrect. Make the credit bureau verify the amounts. They may or may not be able to verify the amounts or the date). I want all items that are included in my bankruptcy removed from my file, which I have marked. I have included a copy of the itemized list of creditors included in my bankruptcy for you to compare. Thank you.

The credit bureaus have been known to leave the item on the credit report, but to flag the items covered under the bankruptcy. An example would be: Sears \$100.00 (BK). They also have been known to delete the item altogether. The bureaus have not been consistent with this method, however most credit bureaus will tell you that it will stay on the report with the (BK) notation.

Creditor Disputes

Disputing Information Directly With The Creditor

This method is somewhat like writing letters to the Credit Bureaus, however, the difference is that the dispute letters are sent directly to the creditor. One thing to remember is that the department stores, banks, etc. have the power to take anything off a credit report that they have placed on a credit report.

A number of things must be included in the creditor letter. Please give the store your account number. State exactly what the problem on your credit report is, and why it should be removed. Ask the creditor to verify the amounts. Demand that they correct or remove the incorrect item.

Unlike the dispute letter method, this type of letter can be typed out rather than written.

If you feel that you are correct and cannot seem to get anywhere, ask to talk to a higher supervisor. The higher the supervisor, the more in tune they are to profits;

stores want to keep your account, and you as a customer.

At some point it may be beneficial for you to have your attorney write a letter to the creditor. Many times just the threat of a lawsuit will get the creditor to change the credit rating.

Remember, that if the creditor placed it on the credit report, they can take it off. Having an attorney write a letter may cost you somewhere between \$75 and \$100.

Many times stores will not keep records past 24 months and cannot find the information. Therefore there is a good chance it will be removed.

One more option when dealing with creditors is if you have not paid a bill in full with them. The fact that you owe them money can work to your advantage. Most, if not all, creditors would rather get some money instead of none at all. This is true from banks to oil companies. Be willing to negotiate with your creditor.

Approach the creditor with the idea that you would like to settle your account difference. Probably you do not have enough money to pay him in full or you would already have. For example, let's say you owe a department store \$100. The department store may have already charged it off and reported it to the credit bureau. Offer to pay the store \$50 to settle the account with the understanding that they will also remove the negative mark on your credit report.

The store can either say yes or no to this proposition. If they want a little more than \$50, you will have to decide how high you can go and still stay within your payment schedule.

Subscribers have the ability to change your credit rating with the credit bureau. Many will tell you they cannot change the rating, but that is just not correct.

Please Note

We are not suggesting this method to discount bills that you already owe. We feel each and everyone should pay their bills on time and in full. However, there are times when you just cannot pay 100% of every bill. Another reason for settling could be you were dissatisfied with the merchandise or service.

If you were dissatisfied with the merchandise, credit card companies have been known to take the bill off your account and charge it back to the store. However, you must notify your credit card company within one month of the purchase date.

If you feel uncomfortable about approaching the creditor yourself, you should hire an accountant, financial consultant, or possibly an attorney to act as your representative. Please check with the professional on how much this will cost you.

If you are handling your own case, at some point you will probably reach a settlement. Percentages vary, however. I had a large chemical client that settled for 20 cents on the dollar. Don't expect to get that low in your negotiations. Settlements vary from 30 to 70 percent, with the majority being around 60 percent.

If you feel you can afford 60 percent, don't start out at 60 percent. If you do you will probably end up at 70 or 80 percent. You must start at around 40 percent if you expect to end up at 60. Remember that the collection department will start high to end up somewhere in the middle.

When you reach a verbal agreement with the collection department have them prepare a **SETTLEMENT AGREEMENT** and mail it or fax it to you for your review. DO NOT pay your bill prior to receiving this settlement agreement. Arrangements have been known to change from the time of initial phone contact to the receipt of the written settlement agreement. It would also be a good idea to have an attorney review the document for you.

Inquiries - What To Do?

Excessive inquiries on your credit report can short circuit your loan efforts with any lender.

The first thing you have to understand is how inquiries get on your credit report. Any time you apply for credit from any bank, department store or other creditors, they call up a credit report on you. This is called any inquiry, and the name of the bank will be listed under inquiries for two years. In some cases you will find a bunch of letters and numbers with no names explaining who they are. You will need to ask your credit bureau to verify the names of these individuals.

Unfortunately it is now a common practice for car salesmen to run a credit report on you at 10 different finance companies. Before he spends time showing you dozens of cars, he wants to make sure that you will be approved for the one that you want to buy. If he can't get you approved for ANYTHING, he will move on to

the next person. Leaving 10 different inquiries in his wake.

Naturally, if you have many inquiries listed, it looks like you are in financial trouble and are applying for loans all over the city. If four or more inquiries appear on a credit report within a two month period, a message of Trans- Alert is listed on the credit report. This alerts creditors that you have applied for credit an excessive number of times. Trans-Alert appears on the TransUnion statement. Sometimes banks screen your account to see if you will qualify for their credit card promotions and this just adds one problem upon another.

To correct this problem, I believe it is the easiest to deal with the creditor dispute method where you direct your correspondence to the company that listed the inquiry on your report.

In your letter you must ask them for proof that you authorized them to check your credit rating. If they cannot find that proof, they will have to get the inquiry taken off the credit report.

Many times, creditors do not have the time to go back into their records and verify your account, so automatically you win, and it will be deleted off your credit report.

You can also dispute directly with the credit bureau and ask what legitimate business reason they had to give your personal credit information out to "Company Name". If they can not provide this information, please remove the inquiry.

Do's And Don'ts

- Do not type your letters, write them in your own hand writing and use your own words as much as possible. Typing makes the credit bureaus think you are using a credit repair service.
- Do not send mail by "Certified Mail."
- Do use your own paper or the dispute forms that come with your credit reports.
- Do not use legal language.
- Do not apply for credit during the dispute process, it could

reverse any results you have attained.

- Do not call the credit bureaus for any reason! Always correspond through the mail and make copies of your correspondence.
- Do keep copies of everything the bureaus send you.
- Do be patient but do not give up. Millions of people have had negative items removed from their credit report!
- Do not threaten the credit bureaus or tell them that you will hire an attorney if they don't take the disputed items off of your credit report. They know they have to follow the law. Threats will get you nowhere.

Five Steps To Obtaining A1 Credit

Now that you understand the basics of what credit is, and why it is so important, you are ready to follow our plan to get you well on your way toward building a solvent and solid credit record. Follow our 5 step process and you will finish with 3 bank loans, a Visa and MasterCard credit cards, and at least 2 major department store credit cards. But that's not actually the end - it's just the beginning! You will then be in control of your financial destiny and will be better able to make the kinds of purchases embodied on the American Dream

As you follow each step, remember that lenders and retailers count on making loans or selling goods on credit. The system helps them as much as you. They want to extend credit to you. Through this plan, you make them do so gladly and legitimately.

Step One - Obtaining Bank Loans

Laying the Groundwork

The first objective after removing negative credit from your credit report is to add positives. This can be achieved by obtaining three bank loans to serve as credit references for future maneuvers. Have you ever noticed that most loan applications require three credit references? Follow this first step and you will have three impeccable references to use for various kinds of credit and loan needs.

This step requires some up-front capital to get you going. The results can be achieved using anywhere from \$300 and up, although we recommend investing

\$1,000. Take heart - the money will not be spent, but is used as secure backing in a savings account until the plan is completed. If you need to raise the cash, you can do so through creative means such as a temporary, part-time job or a garage sale. You can also consider borrowing the money because, again, it will not be spent.

Just be careful not to start off with funds that you may be likely to need in the weeks to follow. Withdrawing this money before the plan is completed would jeopardize your credit and potentially leave you in greater debt.

LOCATING THE RIGHT LENDERS

Now you are ready to locate your three lending institutions, which can be banks, savings and loans, or credit unions. You can use the bank where you currently have your checking or savings account, although you will still be opening a new savings account. Use your local Yellow Pages to call area banks and ask these questions:

What is the minimum amount they will loan on a passbook savings account?

What is the percent you can borrow?

For these purposes, you are interested in opening only a regular passbook savings account, so don't get more details than you need about other types of special account and offers.

Choose a lender that offers high yields and allows you to borrow as much as possible against a secured account. We will now label the banks you have selected Bank A, Bank B, and Bank C.

DEPOSIT, BORROW, AND PROSPER!

Go to Bank A and open a savings account with your \$1,000 (or whatever amount you have allocated). This should be an interest-bearing account earning the highest rate you can find. Take your passbook home and wait three days.

Return to Bank A (dressed and poised for success) and ask to see a loan officer. Take your passbook with you, and explain to the officer that you wish to take out a loan, for which you are willing to place your savings account as collateral. This is the easiest type of loan to obtain because it is completely secured with cash. Be prepared to name a reason for the loan, although it should be granted regardless of the purpose because it will be backed by your savings account. Make sure you

obtain an installment loan, amortized over one year with monthly payments required. Remember, you are building credit, so a loan that is due all in one lump sum at the end of 180 or 365 days will not serve your purpose. While a credit check is not always made for this type of loan, be prepared to acknowledge any bad marks on your credit record and explain that you are trying to re-establish your credit. Assure him/her that you will faithfully make your loan payments. Assume you get a loan for 90% - or \$900 - of your savings account, with a 6% interest rate. On a \$900 loan you would pay \$29.52, owing the bank a total amount over one year of \$929.52. Your monthly payments will be \$77.46.

Once this loan is made, Bank A will freeze your \$1,000 so your loan collateral cannot be withdrawn. However, each time you make a payment on your loan, an equal amount (less interest) will be unfrozen in your account and available for withdrawal.

Take your loan check for \$900 to Bank B and open another savings account with this amount. Wait three days, and get your second loan - this time for \$810 (90% of \$900). Your monthly payments here will be \$69.71. (Again, assuming 6% interest)

Now use your \$810 and open an account at Bank C. Wait three days, and obtain a 90% loan for \$729, with monthly payments due of \$62.74.

EXAMPLE

Bank Paid	Savings Balance	Loan Amount	Payment Amount	Total Interest
Bank "A"	\$1,000.00	\$900.00	\$77.49	\$29.52
Bank "B"	\$900.00	\$810.00	\$69.71	
\$29.57				
Bank "C"	\$810.00	\$729.00	\$62.74	
\$23.91				

DON'T PANIC!

By the time you obtain your third loan, about two weeks have passed. You now have three bank loans totaling \$2,439 and \$729 in cash (your loan from Bank C). How will you pay these loans back? It's easy. Use enough of your \$729 to make

your first payment on your Bank A loan (\$77.46). Do the same at Bank B and Bank C. You should now have made payments that are ahead of their due dates by about one week at Bank A, two weeks at Bank B, and three weeks at Bank C. You have used about \$200 of your \$729, but you have also freed up frozen funds that can be withdrawn later.

Now wait about another two weeks and repeat the loan payment process described above, making another set of payments with your remaining cash. At this point, you should be approximately one full month ahead on all three loans. With the balance left from your cash loan, make your third set of payments on the second payments' due date. By now, your \$729 should be almost depleted. Approach each bank and withdraw the funds that have been unfrozen to use towards your next set of payments.

Continue this process until at least six payments have been made on each loan. You can pay off your loan in full, if you wish, after that point. Do not pay them off before six months, because this is the time frame usually considered when a payment history is calculated as a possible credit reference.

WHAT DID THIS REALLY COST?

In our example, the interest rate charged on the loans was 6%. And, your savings accounts were drawing 2% interest, making your net interest only 4% (6%-2%). We will assume the loans were for one year (12 months) and that you did not pay them off early. Bank loan A for \$900 charged \$29.52 interest, from which we subtracted \$20.18 - the 2% interest you gained from your \$1,000 savings - for an actual annual cost of \$9.34. If you paid off your loan in six months, it would have cost you even less! Overall, it costs pennies to re-establish your credit using this method!

That's a very small amount to pay for three fast and easy credit references that indicate your ability to acquire bank loans in varying sizes, make you payments ahead of schedule, and pay the loans off completely before due. These activities will all look very impressive on your new credit report! And, you should still have your original \$1,000.

Now is a good time to contact your local credit bureau (ask your banks which one they report to) and have this new credit information added to your profile. The bureaus will send you a credit addition form to complete and mail back. There is

usually a small fee for each item to be added. They should also send you an updated copy of your new credit report.

Step Two - Secured Credit Cards

How Secured Credit Cards Work:

Now it's time to use these bank references to obtain a credit card. Select one of the banks you particularly liked doing business with and use your initial \$1,000 to make a deposit there. After about one week, pick up an application form for either a Visa or MasterCard and fill it out completely at home. Be certain that the card you are applying for allows for cash advances, and include your other two bank references on the application. Then meet with a loan officer at the bank and give him/her your completed form, saying that you are willing to have your \$1,000 frozen to secure a credit card with a \$1,000 line of credit.

This type of secured credit plan is very common and is available to new credit builders as well as credit builders with a bad history. Similar to your bank loan, your savings is used as collateral for any debts you may accrue using the card. The card will look like any other Visa or MasterCard, so only you and the bank know it is secured by your savings.

Shopping to Build Credit

Once you have your card, use it. It is important now to again demonstrate a good payment record. A credit card that never gets used can actually reflect negatively on your profile!

Go to your local shopping mall and find a store that carries a returnable item in the \$500 to \$800 range (remember; your credit limit is \$1,000). You can select a piece of jewelry, a television, audio or video equipment, or other merchandise within this price range. Make sure you understand the store's return policy - you will need to be able to return the item later for a credit on your charge account, not just store credit. Purchase the single item with your new Visa or MasterCard, take it home, and safeguard against damage or theft. After several days, go back to the store and return the item, requesting a credit on your card.

When you receive your first monthly statement for your card, you will notice a column marked Payments/Credits. Your credit for the returned item will show up in this column, although it looks the same as if you had paid for the item in full.

Anyone examining your credit record will see that you made a sizeable purchase and a very early payment.

Obtain a Cash Advance

There is one final step to establishing your good credit record with a credit card company. Stop by a different bank than the one that issued your credit card and ask for a cash advance. Visa and MasterCard allow any lending institution that honors their cards (almost all) to make cash advances for varied amounts up to your credit limit. Some allow only a 25% cash advance, while others will loan your entire amount. Be advised that borrowing money in this manner usually costs more in interest than your card charges for merchandise, so it is not a good way of routinely obtain loans. But it is useful for our credit-building purposes under this plan. Since you will be charged interest on your cash advance from the day you receive it, you may want to time this transaction toward the end of your billing cycle.

Let's assume that you get a 50% cash advance on your \$1,000 limit, or \$500. Don't spend the money. Put it away and wait for your next monthly statement. Use the money to promptly pay back your cash advance charge on your bill. Now you have used a large amount of your credit limit on two occasions, and your record indicates both were paid back in full. Your credit history is looking better and better!

Step 3 - Un-Secured Credit Cards

Low Interest Pays Off

Before taking specific steps to obtain an unsecured credit card, it really pays to shop around for a bank issuing Visa or Mastercards at the lowest possible interest rate. The national average is presently at about 19 to 20 percent. At this rate, an average balance of \$650 will cost you \$123.50 annually in interest charges. The same \$650 balance will only cost you \$78 on a 12% card - a savings of \$45.50 per year.

You also want to consider any annual fee charged for use of the card, which can range from \$20 to \$50 for premium cards such as MasterCard Gold and Visa Gold. While Gold cards traditionally require a higher annual fee, they typically offer higher credit limits. For the purposes of this plan, we do not recommend

obtaining a Gold card. Take a look also at the grace period various banks allow between the time of purchase and when interest starts to accrue. If a bank offers no grace period, you will still be charged interest on your balance in full after each billing period. Again, to find out about rates, fees, and grace periods, you can pull out the Yellow Pages and call around locally. The business sections of major newspapers also often carry ads by local banks promoting the features of their credit cards.

However, you do not need to apply for an unsecured card from a local bank. Computer networking makes it easy to quickly access any bank, and most are eager to have new credit card customers, regardless of where they live. You can find a list of U.S. banks offering low interest rates for Visa and MasterCard in the Bank-lists booklet contained in this document.

Approaching the Bank

Once again, have the new information about your secured credit card included in your credit bureau file. Now go to a bank and apply for whichever credit card (Visa or MasterCard) you do not already have, using your bank loans and current credit card as references. When the bank refers to your credit file, they will find you have an impressive payment history and another credit card with no outstanding balance. They should be more than willing to give you a regular, unsecured bank card.

Freeing up Your \$1,000

At last, you need to have your \$1,000 savings account unfrozen and the credit card released from its secured status. Go back to the bank where you began this process, and inform the loan officer you now have an unsecured Visa or MasterCard. Explain that you received this card based upon your excellent payment history you established with their bank card. Ask now to have the hold placed on your savings released. If he/she is hesitant, suggest that you will leave your money in the savings account, but no longer want it frozen. If the officer still seems reluctant, you can politely say that you will then have to return the credit card and close your account with them. In most cases, the bank will not want to lose you as a customer and will honor your request.

However, if these efforts fail, then go ahead and return your card and close your account. Go to the bank that gave you your unsecured credit card. Tell them that

you like their services and rates better than where you previously banked and want to shift your Visa or MasterCard (whichever one you do not already have there) to that bank. Your second unsecured credit card should arrive in the mail soon after!

Step 4 - Department Store Credit Cards

Instant Credit

With the first three steps completed, you should feel like a credit-building pro and be proud of your new credit profile. This next step is easy. Because you already have a Visa and MasterCard, the credit world is wide open and waiting for you to sign on.

Most major department stores offer a form of instant credit - providing you with their store credit card just because you possess a major credit card, so they can collect the interest instead of Visa or MasterCard! Best of all, department store cards are issued on an unsecured, deposit-free basis!

You usually will be asked to fill out a brief application form, show your I.D., present at least one major credit card - and you are accepted! This can sometimes be done right while you are making your purchase, or at a special customer relations desk. Many stores are even offering free gifts or special discounts to customers applying for instant credit. Be cautious, however, to apply only for cards in stores that you normally shop at. A dormant credit card does not look good on your credit report.

While many stores of all sizes now offer their own credit cards, for our credit-building exercise it is best to obtain one from a major department store chain with locations around the country.

Department Stores Offering Instant Credit

Below is a partial list of U.S. department stores offering instant credit. Many may have store locations in your area. All stores listed here report to the credit bureaus.

- Bacons
- Lazarus
- Neiman Marcus

- Broadway
- Lord & Taylor
- Nordstrom
- Castner Knott
- Macy's
- J.C. Penny
- Dillards
- Marshall Fields
- Sears
- Halls
- May Company
- Maas Brothers
- Jordan
- Marsh
- Mervyns

Step 5 - Nurturing Your Credit

Congratulations! By now you have three bank loans, Visa, MasterCard, and perhaps several major department store credit cards. We have planted all the seeds you need to cultivate a healthy credit profile. Now it's up to you to take care of your new credit record and allow it to grow with you as you build a more secure financial future.

Loan Scoring System

Loan Application Scoring System

Each bank has a credit scoring system that determines the acceptability of the borrower. This scoring system takes into account your income, length of employment and residence, etc.

The five major factors that all lenders give high importance to are:

1. A salary of at least \$1,500 per month
2. At least 5 years at present address
3. Employed at present job for at least two years
4. A "paying on time" credit history
5. A telephone in your name

Credit Scoring System

(This is a sample of the system of a major bank.)

Factors _____ Score _____

1. Years at job:
 - a. Less than one year 0
 - b. One or two years 1
 - c. Two to four years 2
 - d. Four to ten years 3
 - e. Over ten years 4
2. Monthly income level
 - a. Less than \$1,000 0
 - b. \$1,000 to 1,500 1
 - c. \$1,500 to 2,000 2
 - d. Over \$2,000 3
3. Present obligations past due
 - a. Yes 0
 - b. No 2
4. Total monthly payments to income

after taxes comparison

- a. 50% 0
- b. 40 to 49% 1
- c. 30 to 39% 2
- d. Under 30% 3

5. Prior loans at any branch bank

- a. No 0
- b. Yes, but not closed 0
- c. Yes, but closed with two or less
eleven-day notices per year 2

6. Checking account at this bank

- a. None 0
- b. Yes, with over five rejected items
over the past year 1
- c. Yes, with no rejected items
In the past year 2

7. Length at present or previous address

- a. Less than three years 0
- b. Three years or more 1

8. Age of newest automobile

- a. Over one year old 0
- b. Less than one year old 1

9. Savings account

- a. No 0
- b. Yes 1

10. Own real estate

- a. No 0
- b. Yes 3

11. Telephone in own name

- a. No 0
- b. Yes 1

12. Credit references

- a. No 0
- b. Yes 1

When you apply for credit, your application is scored and evaluated on the basis of criteria given by the bank's Credit Policy Committee. These criteria vary from bank to bank.

Below we have listed the scoring system.

90-100% of possible points

Loan Granted

75-89% of possible points

Loan granted unless negative items on credit report

50-74% of possible points

Risk

40-49% of possible points
Review with possible rejection

0-39% of possible points
Automatic rejection

Banks Offering Secured Credit Cards

United Savings Bank
711 Van Ness Avenue
San Francisco, CA 94102
(415) 928-0700
Visa, MasterCard

Bank of Hoven
26660 Agoura Road
Calabasas, CA 91302
(800) 777-7735
Visa, MasterCard

Capitol One
P.O. Box C32131
Richmond, VA 23286
(800) 333-7116
Visa, MasterCard

Ocean Independent Bank
P.O. Box 15414
Wilmington, DE 19885
(302) 322-4305
Visa

Pioneer Federal Savings Bank
P.O. Box M
Lynwood, WA 98046
(206) 771-2525
Visa

Key Federal Savings
P.O. Box 6057
Havre de Grace, MD 21078
(800) 228-2230

New Era Bank
675 Franklin Blvd
Somerset, NJ 08873
(908) 937-4600

First National Bank in Brookings
P.O. Box 6000
Brookings, SD 57006
(605) 692-2680
Visa, MasterCard

First State Bank

P.O. Box 15414

Wilmington, DE 19850

(302) 322-9111

Visa, MasterCard

Security Bank of Hurst Texas

1845 Precinct Rd Suite 100

Hurst, TX 76054

(800) 451-0273

Visa

Central National Bank

Broadway and Charlston at 14th

Mattoon, IL 61938

(800) 876-9119

Visa, MasterCard

Spirit Visa

19590 E. Main Street

Parker, CO 80134

(800) 779-8472

Visa

Budget & Credit Counseling Services, Inc.

P.O. Box 450

Layfayette, IN 47902

(800) 395-2556

Visa, MasterCard

Bank One, Lafayette, NA

55th Ave. 13th Fl

New York, NY 10003

(212)675-5070

Visa

American National Bank

1890 Palmer Ave., Suite 403

Larchmont, NY 10538

(914) 833-0560

Visa

Orchard Bank

P.O. Box 19360

Portland, OR 97280

(800) 879-8745

Visa

The cards we are going to discuss here are the Mastercard and Visa only. Banks and Savings & Loans issue these. You can either purchase goods and services using this card or go to the institution who issued you the card and get cash

advances, ie., get cash directly against the card.

To obtain these cards, one has to have very good credit or reasonably good credit. Checking your credit can be done in different way. One way is by writing to the Credit Bureau near them and getting your credit standing in the Bureau's Credit File. Another way is to evaluate you by their own standards of point system (please see table at the end of this chapter).

To get a quick guide of institutions issuing credit cards, get out your yellow-pages and look under Banks and Savings & Loans. Call them and make a list of the ones issuing these cards and then go to them and pickup their applications and keep them ready. Then go through this book and write all the ones listed and get their applications. Get a hold of other institutions using the yellow-pages of major cities and get their applications. Then when you have enough applications at hand, fill them all up and mail the ones from zip codes starting 0 to 5 the first day, the ones of zips 6 to 8 the next day, and zips 9 the third day, so they all reach the institutions the very same day (for California only - other states please improvise). If you get accepted in 10 out of 30, each with a credit limit of \$1,000, you can have access to \$10,000. This is one of the quickest ways of obtaining a loan in the shortest time (and the safest).

A sure-shot way of getting credit card is the secured cards. These are credit cards issued against your depositing cash in that institution. If you have saving or other checking accounts, then you might as well have it at their institutions which give credit cards in return. The credit requirements of these mentioned ones is not very stringent. A good way to raise your credit limit on the secured credit cards is to take cash advances and re-deposit the cash (and pay the debt) till you reach your credit limit.

Visa and/or Mastercard

There are special bankcard agencies that will issue a Visa and/or Mastercard to anyone that opens a \$300 savings account at their bank regardless if the person has bad credit or no credit. It makes no difference if you have a bankruptcy.

You're guaranteed the cards regardless how bad your credit might be if you open the savings account at the bank! You would receive your card within 30 days from the time you open your savings account with them. The credit limit on the card

matches dollar for dollar with the amount of money in your savings account. A lot of people can't part with \$300 for long because of bills that are pressing them. There's a way around this. Go ahead and open the savings account and get the card. Then go to a Western Union and make a \$300 cash withdrawal on your card and you have your money right back plus the card. Even though you can't charge anymore because you've reached your credit limit, you can still use the card for identification or check writing purposes. Then you can pay your bill down a little at a time as opposed to putting up the entire \$300 at one time and leaving it in the savings account.

Another way to get around not paying out the entire \$300 at one time is for you to work with a close family member or friend in splitting the \$300 cost to get the card. Decide on which one of you is going to apply for the card first. And when that person gets his card he's to make a \$300 cash withdrawal on it so the other person can apply for his card. When the second person gets his card he's to make a \$300 cash withdrawal on it also and give his partner his \$150 investment back. This procedure will work for as many as 3 people putting up \$100 each to help each other get their cards.

There's also a maneuver that a person can utilize with his secured card that will show him more credit worthy than he actually is. It will cause banks to loan him more money and quicker. And it will make creditors want to give you things that they normally would not have. In order to do this you have to be patient and you can't make any charges on your card until you've gotten where you want to be. If you can afford it secure you a Visa and Mastercard. Use one for your personal charges and use the other for the following purpose.

First of all, the bank that issued your secured card will report to the credit bureau the transaction. And on your credit report will be the banks name along with your credit limit and credit ratio. At first your credit limit will be only \$300 if that's all you put in the savings account that's required for the card. When you get your card make a \$300 cash withdrawal on it and put it in the savings account you used to get the card with your original \$300. Then you'll have \$600 in the saving account- and the bank will report this to the credit bureau which will automatically boost your credit limit on your card and credit report to \$600. This move will allow you to make another \$300 withdrawal on your card

because you've only made one \$300 withdrawal but you have \$600 in your savings account. So go and make another \$300 withdrawal on your card and deposit it into your savings account and this will automatically boost the credit limit on your card and credit report to \$900. Repeat this procedure and your limit will be \$1,200. Continue until you feel that your monthly payments have reached the limit of what you want to pay. Some people have reached a credit limit on their credit report of \$5,000!

The object of this maneuver isn't to reach a high credit limit on your card but rather it's to show the highest possible credit limit on your credit report. Even though your card may have a \$5,000 credit limit the fact remains that it's all charged up. But when creditors or banks see a \$2,000 or \$5,000 spending limit on your credit report they'll think that you are a preferred customer at the bank that issued you the card. They know that banks don't give out \$2,000 - \$5,000 spending limits on a major credit card to anyone so therefore they'll think that you are somebody special and will be glad to give you the loan or whatever you're applying for on credit within reason especially if they can look back over time on your credit report and see that you made your payments on time every month. But what they won't know is that you were not a preferred customer at the bank but rather you took advantage of a special Visa and Mastercard program that required for you to secure the card by opening a savings account at the bank with a minimum of \$300. And that you legally maneuvered your way to a \$2,000 - \$5,000 or more spending limit that made you look like you were a preferred customer at the bank. But as the old saying goes, "What a person doesn't know won't hurt him." In rebuilding credit it takes time to walk up the credit ladder. Utilizing this maneuver you'll get things on credit in a few months that would have taken a few years to get if you had not done it because it made you look more credit worthy than you actually were according to the standards of most creditors.

The National Credit Bureau is the largest bankcard agency in America that offers a secured Visa and/or Mastercard. Their telephone number is 1-800-433-2455. If you call them requesting their application package they'll send it to you for \$39.95 which is a non-refundable fee that covers the expense of setting up your savings account at Transcontinental bank and issuing you the cards. After

they receive your application they'll contact you back in 2 - 3 weeks letting you know that your account has been opened all the paper work is complete and all that is needed is your \$300 deposit for your savings account. After you send in your \$300 deposit you'll receive your Visa or Mastercard in 2 - 4 weeks. And it's just that simple.

Most people charge their credit card and pay installment payments each month on a fraction of their debt. Now that is exactly what the issuing banks want you to do because you are helping them to stay in business. In fact, that is how the banks make their money. However it is your loss in the interest you pay. The new tax laws do not permit you to take any deductible on the interest payments of your revolving debt. The right way to charge is to pay the entire balance WITHOUT paying any interest. That you establish credit as well not pay any interest. Which essentially means that you borrowed the money FREE for that period of time. At the same time, the each in hand can be deposited in interest bearing deposit to EARN interest money for you. So if you do not pay in each for your purchases (assuming that you already -have the each in your hands) but charge it every time at the same time keeping the each in hand in an interesting bearing account actually makes you money; which you would have lost if you would have paid by each.

How long do you think you could charge and not pay back WITHOUT paying any interest on it ? About one month, right ? WRONG !! It is actually two months. Let us show you how:

Take this case: You have a billing date of the 30th. That means the bank bills you once a month or charges accrued during the month, & the bill comes to you dated the 30th. This bill includes all the charges entered on your account up to the end of business on the 30th. You do not have to pay any of these charges for 25 days after the billing date. After 25 days, interest begins to mount up at 12 to 18 percent in most. So you start with 25 days of FREE credit.

Example: If you make a local charge -before 3 pm on the 29th, a Monday when Tuesday is not a holiday, and your bank is the same as your retailer's, your real Charge Date is one day later. That is the 30th, but your billing date is the 30th so the charge will appear on the bill of the 30th, and you will have to pay it 25 days

later.

But suppose you made the purchase after 3 pm on the 29th. Then your real Charge Date is now two days later, or the 31st. That is because the charge receipts are deposited a day later by your merchant in his bank.

You will have skipped over the billing date. The charges will not appear until the next billing date...which is 30 days hence. And you will not have to pay for another 25 days.

You get 55 days plus the two days between charge date and real Charge Date, for a total free credit of 57 days. By simply shifting your chare form before 3 p.m. to after 3 p.m., you gain 32 additional days of free credit.

Obtaining Additional Credit

Now that you have the knowledge of how to start building a strong credit profile in your new credit file, you might want additional credit. DON'T BE IN A HURRY TO DO THIS! If you follow my procedure you'll have 3 banks behind you. Concentrate on improving your ability to borrow money from them and getting other banks behind you if you can. After you pay off your first secured loan, ask the bank loan officer what it takes for you to get a small loan without having to secure it with a savings account. That's what you concentrate on and follow their advice so you can start getting loans on your word! Then you're on your way!

When the doors to the credit world open for most people they start charging things they really can do without, mainly material possessions. I recommend that you concentrate on you being able to borrow the money for the material things you want in life. Then concentrate on your ability to travel by getting a couple of airline cards along with car rental, car repair cards, and a couple of gas cards. Other than this you might want to get a finance company behind you.

**ALWAYS REMEMBER THAT ONCE YOU'RE IN GOOD WITH A BANK,
NEVER LET THAT RELATIONSHIP SOUR AT ALL COSTS!**

Source: Massachusetts Executive Office of Consumer Affairs and Business Regulation

1. Interest Backdating

Most card issuers charge interest from the day a charge is posted to your account if you don't pay in full monthly. But, some charge interest from the date of purchase, days before they have even paid the store on your behalf!

REMEDY: Find another card issuer, or always pay your bill in full by the due date.

2. Two-Cycle Billing

Issuers which use this method of calculating interest, charge two months worth of interest for the first month you failed to pay off your total balance in full. This issue arises only when you switch from paying in full to carrying a balance from month to month.

REMEDY: Switch issuers or always pay your balance in full.

3. The Right To Setoff

If you have money on deposit at a bank, and also have your credit card there, you may have signed an agreement when you opened the deposit account which permits the bank to take those funds if you become delinquent on your credit card.

REMEDY: Bank at separate institutions, or avoid delinquencies.

4. Fees Are Negotiable

You may be paying up to \$50 a year or more as an annual fee on your credit card. You may also be subject to finance charges of over 18%.

REMEDY: If you are a good customer, the bank may be willing to drop the annual fee, and reduce the interest rate < you only have to ask! Otherwise, you can switch issuers to a lower- priced card.

5. Interest Rate Hikes Are Retroactive

If you sign up for a credit card with a low "teaser" rate, such as 7.9%, when the low rate period expires, your existing balance will likely be subject to the regular and substantially higher interest rate.

REMEDY: Pay in full before the rate increase or close the account.

6. Shortened Due Dates

Most card issuers offer a 25 day grace period in which to pay for new purchases without incurring finance charges. Some banks have shortened the grace period to 20 days but only for customers who pay in full monthly.

REMEDY: Ask to go back to 25 days.

To work this plan you need at least \$400 to begin. You should borrow this from your friends if necessary. Then go to a bank of your choice and deposit the \$400 into a regular passbook savings account.

Wait a few days for the account to be posted and return to the bank to ask for a \$400 loan - you offer the passbook as collateral. Since the bank is already holding your \$400, you go to another bank open a savings account lending you another \$400 and they won't even make a credit check. Then, with your borrowed \$400, you go to another bank, open a savings account, return a few days later, borrow \$400 from that bank using your passbook as collateral.

Then repeat the process at a third bank with your borrowed \$400. Wait a few days to go to a fourth bank where you open this time a CHECKING account. Wait a few days and make a payment on each of the other three loans. A week later, make payments again on the three loans, and continue paying each week until you have almost paid off the balance.

A credit investigation at this point will show you with three active bank loans (which are considered hard to get), a checking account, and a paying history for the three bank loans - with you having paid up in advance. Thus, you have AAA credit in as little as 30 days. From here you go on to apply for loans, credit cards, and other items on credit.

Here is a true story about bankruptcy, and the advantages it offers. A husband and wife team of practicing psychiatrists, with a joint income of \$78,000 per annum, accumulate personal debts totaling \$22,000, and also have outstanding a \$33,000 mortgage on their comfortable suburban New York home. They are not in arrears, nor even over their heads. They simply seek more discretionary spending power.

Their solution to the problem? They file for bankruptcy and are able to immediately reduce their debt load to a mere 10 cents on the dollar, repayable on an extended schedule in very small amounts. An officer in one of their finance companies notes that they could refinance the mortgage or even sell the house. But you will see in a moment why that was not necessary.

Traditionally, personal bankruptcy has been a desperate last resort for those so deeply in debt and harried by creditors, that there really seemed to be no other solution. The typical profile included low-income, under-educated clerical workers or laborers, or perhaps transient non-homeowners. Common age groups were those who were in their twenties, or those over sixty five years of age.

This is no longer the case. Today's profile includes people with good jobs, even families with two incomes. It is not surprising to find those with six-figure incomes declaring bankruptcy. The process comes no longer out of a dire necessity, but it is now a means by which people can rid themselves of debts that cramp their lifestyle.

The most common applicants for bankruptcy include recent college graduates who

file in order to avoid paying back government-guaranteed student loans. Their rationale? They feel society owed them an education.

You will also find older, "keep up with the Joneses" types filing for bankruptcy. For suburban executives to Wall Street professionals, they are unwilling to live within their means.

The passage of the Federal Bankruptcy Act of 1978 made the whole process much easier. This change significantly liberalized personal filing procedures in the name of consumer rights.

Chapter 7 makes no reference at all to the debtor's income. It permits debtors to clear the slate by turning over all their assets except those specifically exempted to creditors. Among the exemptions: Up to \$7,500.00 equity in the debtor's house (15,000 if both file); \$4,000.00 in accrued dividends; \$1,200.00 in automobile equity; \$500.00 in jewelry; \$200 per category of household items (including clothing, books, etc.) and more!

Chapter 13 requires that debtors show only a regular income to handle a reasonable three-year pay-back plan. The court's definition of reasonable happens to be as little as 1% to 10%, even when a payment of 50% could easily be managed.

Please don't think I am calling you a "moron" to hurt your feelings in any way. I was a moron when I first started setting up my files. I hated accounting in school and am the type that would much rather add 2+2 on a calculator than in my head -- but you have to do it. You have to force yourself to do it NOW -- right at the beginning! Many of a business has collapsed simply because they lacked organization in their basic accounting business practices. Don't be one of them!

As a small mail order business you don't have to really do much in the beginning. Here is how to set up your files from ground zero:

1. Take out a hanging file folder and a label of any kind. (Hanging folders and labels for them can be purchased at K-Mart, Wal-Mart and any office supply store.)
2. Type or hand print "Receipts" on the label and place it on the hanging folder.
3. Now, place 5 MANILA file folders inside the hanging file folder (which you labeled "Receipts") and label each of the manila file folders with the following headings:
 - a. Advertising
 - b. Postage
 - c. Office Supplies
 - d. Utilities and Rent for the Office
 - e. Miscellaneous

You now have one large hanging file folder with 5 separate manila file folders inside it. Carefully place your hanging file folder in your metal file cabinet or cardboard banker's box. (A banker's box can be purchased at any office supply store also and normally cost around \$4.)

Now, wasn't that easy? Some of you reading this will think that I am attempting to insult your intelligence. This is NOT my intention. This report is broken down in a simple, step-by-step way so everybody can understand it _ regardless of their previous knowledge and experience. Remember, some people have never worked in an office their entire life. What seems simple and accepted to some of us, may be something another person would never have known.

Okay, let's go back to where we were. You now have one master file completed and we're ready to make another just like it. This time we'll name the hanging file folder "Income" and label 3 manila folders inside it with the following headings:

- (A) Completed and Shipped Orders
- (B) Inquiries and Correspondence.
- (C) Open Orders Still Pending.

See how easy? From now on, you simply make another folder as the need arrives and you're files will always be easy to maintain. (Once you get this concept down pat -- you can easily think about getting a computer. A computer organizes its

information in the SAME manner. Believe me - this same system works! You'll be amazed at how many mistakes it will help you prevent.)

Yes - bookkeeping is a very simple process. All you have to do is keep the system going. For instance, every order that I process, I completely finish before moving on to the next order. Example:

1. Mail is received and opened. As each piece is opened it is placed into individual piles. Orders with pre-payment are placed in one pile, information and daily correspondence in another, and so forth.
2. Each order that has been pre-paid for is processed first - with each one being processed individually to completion. (That means it is in an envelope, a label typed out and the completed order is ready to be mailed at the post office.)
3. During the process, the "date," "amount of check or payment" and "product ordered" is recorded on the outside of the envelope - making sure the customer's full name, address and telephone number (if available) is on the envelope too.
4. Just before closing up the office for the evening, the envelopes are then keyed into the database on our computer (you can substitute a computer for the hanging files in the beginning.) We record all the information that was written on the envelopes during the processing of the order. (Don't think you will remember "what" the order was. That thinking will open you up to make human errors.)

As your business grows, your understanding and abilities will grow also. At that time you can grow into a more sophisticated means of keeping the books.

Contributed By John Reece

You have the right to STOP collection agencies from ever writing or calling you again. The Fair Debt Collection Practices Act contains an empowering tool in for the consumer. By law, a collection agency must stop contacting you after they

receive a letter telling them to. The body of the letter should basically read:

You are hereby notified under provision of public laws 95-109 and 99-361, also known as the Fair Debt Collection Practices act, that your services are no longer needed.

Your organization is to immediately CEASE & DESIST all attempts to collect this debt. I will not recognize any collection agency and will deal only with the original creditor (WHOMEVER THE CREDITOR IS)

If you are owed money and have not received any payment over a reasonable period of time, there are several steps you can take to collect, even before going to the expense of hiring a collection agency or lawyer.

While making these moves, you can collect evidence in case it becomes necessary to take the matter to court.

Call The Debtor

This method, handled properly, can have surprisingly successful results. For best results, have another person of the line to witness the conversation. In case the debtor denies the call, you have a witness who can testify otherwise.

Write The Debtor

Write a letter that confirms and reviews all the pertinent points of the telephone conversation. The goal is to make your letter clear enough to make it stick in court.

If The Debtor Is A Business

File a complaint with the BBB or the trade organization in which the debtor is a member. Make sure you stick to the facts in order to avoid being sued for libel.

Consumer credit reporting agencies (CRAs) collect credit information on you from banks, department stores, credit card companies, and other types of financial institutions that may extend you credit.

CRAs make money selling the information they have in their databank, including information about your credit profile. Because of this, it is only prudent that you exercise your legal rights as a consumer, know what is in your credit file, make sure they are accurate and challenge it and have it corrected when necessary.

CRAs are required by the Fair Credit Reporting Act to tell you the contents of your file. There are several ways to contact a CRA:

IF DECLINED FOR A LOAN, call the lender who is required by the FCRA to give you the name, address and phone number of the CRA it used in evaluating your loan application.

IF YOU'RE JUST CURIOUS, you can find out the contents of your file by calling the CRA nearest you. They are usually listed in the phonebook under Credit Reporting Agencies.

If your report contains inaccurate information, you may challenge the inclusion of it in your file. One option: If a lender has made an error, point it out to the lender and request that corrected information be sent to the CRA.

They arrive in your mail - a conspicuous looking mail piece from some "official looking" bank claiming that you have been Pre-Approved for a Mastercard or VISA credit card.

Of course, you don't have to have any credit. You can even have bad credit or have just filed bankruptcy or even be rated as a "slow payer." It doesn't matter because these companies want to give you a second chance! These companies want to make it easy for you to obtain a credit card because they only want your money!

How the thing works is that you must send \$35 to receive an application that provides you with a name and address listing of banks willing to give you a VISA and/or Mastercard without any credit approval. That's a stiff price to pay for a sheet of paper, don't you think? The instructions that come with the application will let you know how the scheme works. You must open up a bank account with the bank once that bank approves you. Big deal! They make it appear that you have won some contest or something and people will feel "good inside" that someone has approved them.

But that's not all. The minimum amount you must deposit is \$200 but you can deposit as much as you want. In return, you get a Mastercard or VISA credit card with a credit limit up to the amount you deposit. Wow! What a great honor! This is no break! Think about it. If a stranger gave you \$200 to hold for him until Friday wouldn't you feel safe in granting them a \$200 loan? I mean _ it's their own money you've got. If they default, you've got the full amount to pay off the loan. It takes a twisted mind to take \$200 from you, grant you \$200 credit with your own money plus charge you astronomical interest rates just to take the money from your hand and give it back to you. That's insane!

Of course _ to combat this insanity, the great and wonderful banks claim to help fix your credit report. They say that if you maintain payments in a correct fashion, this information will be reported to the credit bureau. Yea, right! When Shell calls the credit bureau to check your credit for a gas credit card, your report shows 47 defaulted loans and a bankruptcy. However, there is one company that you make payments to on-time. Big deal. Don't you think the rest of your bad credit will still be the deciding factor in Shell's final decision. You bet you bottom dollar!

Look at this: the bank makes money from the interest of your deposit. The bank also makes money by charging you 18% to 22% interest for the right to use their Mastercard or VISA. Plus the bank is guaranteed their money because if you don't pay on time, they take the money out of the bank account you opened with them along with any interest you have accumulated.

Why would anyone with \$200 to deposit want a credit card with a \$200 limit? If you have \$200 and want to buy an item for \$200 _ go out and purchase it. That way, you'll own it lock, stock and barrel. No interest, no payments, no hassle! Plus, you won't owe your soul to the company store _ sort-of-speak.

Credit is a wonderful thing if you use it intelligently. I know people who charge \$100 at the beginning of the month and use that \$100 to make \$300. It's free money for 30 days. Then, when the bill comes, they immediately pay the entire balance and come out smelling like a rose with \$200 to the good. Credit is also needed in certain circumstances for establishing clout. You can't call in a telephone order unless you can charge the purchase to your credit card. This delays you getting items you want now.

In fact some companies will try and make you feel "low class" if you don't own a credit card. I am proud to say that I DON'T OWN one. When I'm in a store and they say "Would you like to put this on your charge?" I promptly say, "No, I pay for everything I buy!" They immediately shut up. And if they would snap back with a rude answer, I'd leave the stuff sitting on the counter, walk out of the store and get what I needed somewhere else. You don't have to take abuse just because you don't choose to line the pockets of the rich credit card companies! It's insane! If you've ever had a credit card and charged \$200, you know you end up paying back \$400 or more (unless you pay the balance within 30 days.) Stop allowing these so called banks to rip you off.

You can get free rent through one of three methods:

- 1) Manage an apartment.
- 2) As a building caretaker.
- 3) House-sitting.

Opportunities to get free rent by all three of these methods may be found simply by checking the classified advertising section of newspapers in the area you wish to live in. Most of the opportunities will be listed under "Help Wanted". Managing apartments consists of collecting rents, showing vacancies, making minor repairs such as leaky faucets, replacing light bulbs - and taking care of the grounds. Some units even pay a small salary - depending on the size of the complex. In a very large complex there is usually a separate maintenance man and/or caretaker. The manager only handles rent collecting and showing the vacant units.

These positions normally pay only a token salary along with free rent.

House-sitting is much more attractive to the average person. The only drawback is that most opportunities are for short terms, 3 months to a year. However, if you only want to locate to an area for a short period of time, this is the way to do it and live rent-free. Many people would rather have someone occupy their home during their absence than have it sit empty. You would be expected to maintain the premises and treat it "better" than as if it were your own. For more insight into the business of apartment managing, write to: APARTMENT MANAGER NEWS, 65 CHERRY AVE., WATERTOWN, CT 06795, for a copy of their publication.

Anyone thinking about going into business for themselves, or wanting to expand an existing business should rush for the world's largest "one-stop-money-shop" where FREE MONEY to start or expand a business is being held for you by the Federal Government.

It sounds absolutely incredible that people living right here in the United States of

America wouldn't know that each year the world's largest source of free business help delivers:

- over \$30 billion dollars in free grants and low-interest loans;
- over one-half trillion dollars in procurement contracts; and
- over \$32 billion dollars in FREE consulting and research grants.

With an economy that remains unpredictable, and a need for even greater economic development on all fronts, the federal government is more willing than it ever has been before to give you the money you need to own your own business and become your own boss!

In spite of the perception that people should not look to the government for help, the great government give-away programs have remained so incredibly huge that if each of the approximately 8 million businesses applied for an equal share, they would each receive over \$70,000.

Most people never apply for a FREE GRANT because they somehow feel it isn't for them, feel there's too much red-tape, or simply don't know who to contact. The fact is, however, that people from all walks of life do receive FREE GRANT MONEY and other benefits from the government, and you should also.

How To Find Funding Sources Worth Billions

As with all grant seeking, the key to obtaining grants is preparation and a knowledge about funding sources. Preparation means identifying programs that are available, and then determining if you fall within their restrictions.

The following sources will be invaluable to you in locating thousands of sources of FREE MONEY!

FEDERAL REGISTER: This daily publication contains changes, proposed changes, and notices about rules and regulations affecting all government agencies and their programs. Federal agencies must publish the program description, eligibility requirements, and program guidelines in the Federal Register. For current subscription costs write to: Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE: This publication lists a

complete description of every program in the federal government that makes funds available to private business. Write to the U.S. Government Printing Office, Washington, DC 20402.

COMMERCE BUSINESS DAILY: This publication contains a daily listing of U.S. Government procurement invitations, contract awards, subcontracting leads, sales of surplus property, and foreign business opportunities. For current annual subscriptions costs write to the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Free Federal Money Given Away To Assist Businesses

GRANT MONEY FOR BUSINESSES IN POOR ECONOMIC AREAS: Contact the Economic Adjustment Division, Director, Economic Development Administration, Herbert Hoover Bldg., Rm. H7217, Washington, DC 20230.

GRANT MONEY FOR MINORITY BUSINESS DEVELOPMENT: Grants are awarded up to \$2 million dollars to stimulate growth. Contact the Minority Business Development Agency, Department of Commerce, Washington, DC 20230.

FREE MONEY TO PROVIDE ASSISTANCE TO ECONOMICALLY DISADVANTAGED BUSINESSES: Management and technical assistance is provided free to disadvantaged businesses. Contact the Associate Administrator for Small Business, 1441 L Street, NW, Rm. 602, Washington, DC 20416.

GRANT MONEY FOR INVESTORS IN RENTAL APARTMENT BUILDINGS WHO ARE IN FINANCIAL TROUBLE: Contact the Chief, Program Support Branch, Management Operations Division, Office of Multi-Family Housing Management, Department of Housing and Development, Washington, DC 20420.

GRANT MONEY FOR WOMEN'S ENTERPRISES: Up to \$200,000 dollar grants are awarded to women in business annually. Contact the Office of Women's Business Ownership, U.S. Small Business Administration, 409 Third Street, SW, Washington, DC 20416.

GRANT MONEY FOR REAL ESTATE INVESTORS WHO RENT TO ELDERLY OR HANDICAPPED PEOPLE: Contact the Director, Office of Multi-Family Housing Management, Dept. of Housing and Urban Development,

Washington, DC 20410.

GRANT MONEY FOR INDIAN-OWNED BUSINESSES: Contact the office of Tribal Services, Bureau of Indian Affairs, 1849 C Street NW, MS #4603-MIB, Washington, DC 20240.

Free State Grant Money

There simply isn't enough room in this report to begin listing all the FREE MONEY programs that are available from the federal and state governments. We can tell you however, the general types of programs that are available and where to begin.

As you contact different agencies for grant money, learn not to accept "no" as a final answer. There are so many new programs being offered each year that often an agency's own employees won't be aware they are offering the one you ask about. If being persistent doesn't help, get in touch with your congressman and let them track down a program that meets your needs.

Types Of Programs Available Through State And Federal Agencies

FREE MONEY: Usually through direct grants that do not have to be paid back.

BUSINESS CONSULTING: Free management advice is offered on almost every business subject by the Department of Economic Development to minimize new business start-up management costs.

BUSINESS SITE SELECTION: State hired specialists are available to assist new entrepreneurs select the best possible location for their new business.

MANAGEMENT TRAINING: Most states will assign specialists to work with a new business with one-on-one management training.

EMPLOYEE TRAINING ASSISTANCE: This program provides FREE MONEY to train employees. FREE MONEY is also available to send employees to school.

RESEARCH & DEVELOPMENT GRANTS: FREE MONEY is available to attract high-tech related companies.

PROGRAM CONSULTANTS: States have highly trained management consultants who will locate Federal Grant Programs and help you through the application Process.

FORMS & DOCUMENTS: State professionals will help a new business owner apply for permits, licenses, or any other legal document a business may require.

VENTURE CAPITAL FINANCING: This method can provide FREE MONEY in the sense you wouldn't have to pay it back. You would, however, probably have to give up part of the ownership of your business in order to receive financing. Most states have their own venture capital finance terms that invest in high risk businesses.

MINORITIES & WOMEN: FREE MONEY grants are available in most states for women or minorities who want to start a business.

LOW INTEREST LOANS: A state may raise money through industrial revenue bonds to buy your fixed-asset equipment. The public, which invests in these bonds, do not pay taxes on the earned interest. When a low interest loan is granted, the states does not guarantee that investors will get their money back if the business fails. If a state issues a general obligation bond, a public investment is then guaranteed. The states will also make direct loans at low interest, or even co-sign a commercial bank loan. If a state co-signs a loan for you, it may subsidize your interest and reduce an already low-interest rate lower yet.

Small Business Development Centers

Every state has Small Business Development Centers who can match you up with the right FREE MONEY grant program. All development centers offer free counseling to anyone wishing to start or expand a business. Their services are varied but include: FREE seminars, workshops, business planning, feasibility studies, marketing research, management analysis, sales technique, financing, exporting, inventory control, accounting, record keeping, and grant applications. Whatever your questions about FREE MONEY grants or starting a business, refer to your telephone directory under State Offices and contact your Small Business Development Center.

Getting Free Money From Venture Capital Sources

A venture capital company is another source for FREE MONEY in financing your business plans. But since they are willing to assume some risk by investing in your

business, they also expect some equity in the business itself.

Venture capital companies invest in projects they feel will be successful and bring a return on their investment. If you are interested in asking a venture capital company to invest in your business refer to your telephone directory under Venture Capital Companies or Investment Companies, and contact those who are in the same area you want to start your project in.

Small Business Investment Companies

Small business investment companies can provide your business with the capital it needs by; 1) giving you a free loan; 2) making a stock investment in your business; or 3) offering a combination of the two.

Small business investment companies are in the business of making money just like any other business. The biggest difference between them and another investor is:

- 1) They are privately managed firms who are licensed and partially financed by the federal government's Small Business Administration.
- 2) All of its transactions are regulated by the government.
- 3) Their success depends on the growth and profits of companies they own stock in. They often give money in exchange for stocks.
- 4) Their loans usually carry lower interest rates than commercial banks.
- 5) Straight loans repayments are carried over a longer period of time.
- 6) Most businesses are eligible, especially if they are 50% minority owned.

For a complete listing of the thousands of Small Business Investment Companies, visit your local library and ask for the SBIC Catalog. Study the catalog and note the companies that specialize in your area of interest. Then write them and request more information on what they have to offer.

Writing A Successful Grant Application

To write a successful grant application for FREE MONEY it should be well planned. You should be familiar with exactly how a particular agency prefers to have their grant proposals completed. If you have to prior experience in writing

grant proposals, this is another area where your State Small Business Development Centers can help.

Work Closely With The Free Money Grantor Agency

Once you decide which government agency you want FREE MONEY from, contact them and ask for a grant application kit. Get to know some of the grantor agency personnel. Experts love to talk about their programs, so ask for advice, suggestions, and criticisms about your proposed project.

In most cases, the more an agency knows about your grant proposal, the better your chances will be of getting support from the personnel who ultimately approve your FREE MONEY request.

Often it is a grantor's advantage to send their grant proposal summary to an agency official they have developed a contact relationship with, and ask them to review and return it to you with their comments. Be certain this approach is acceptable with your agency contact. You wouldn't want a first draft mistakenly processed before it was finished.

Making a personal visit to the agency's office in your area is also important. Face to face contact will help you understand eligibility requirements, deadlines, maximum FREE MONEY amounts you can apply for, and other details you want to know about. You can also utilize an agency's library and determine through books, brochures, and conversation if there are other agencies you could apply to for FREE MONEY. There is nothing that says you can't apply for two, three, or more FREE MONEY grants at one time!

Establish Your Own Professional Network

Do some networking and maintain continuous contact with people who can gather information for you about FREE MONEY GRANTS. Nothing can be substituted for personal contact with the decision makers who are in charge of grant programs. Learn to use your personal influence (and theirs) to achieve your goals.

The U.S. Government Printing Office maintains a wealth of information that people never take advantage of! Write to them and ask for a copy of the "U.S. Government Directory" and ask for a list of books, brochures, and documents that

covers your field of interest. Tell them you are especially interested in obtaining information about FREE FEDERAL MONEY that's available to private citizens. Remember, "FREE FEDERAL MONEY" doesn't mean you have to travel to Washington, DC. It just means finding out where the agencies are within your own states and local governments. The contacts you want to make may only be minutes away.

A pawnbroker makes loans on personal property left as collateral. The property can be redeemed when the loan plus interest is repaid.

The interest rates for pawnshops, which may be regulated by state or local laws, may range from 5% to 6% a month. Loans can usually be renewed, but only if the interest for the original period has been paid.

Pawnbrokers will accept a variety of personal property as collateral. Usually, items that are small or of modest value (jewelry, clocks, computers, camcorders, silverware, etc.) Brokers won't lend more money than they think they can get if the pledged item is not redeemed and has to be sold.

When a pledged item is not redeemed, brokers are required to notify pawners that the loan period has expired and to give them a final opportunity to redeem their personal property before the broker has the right to sell the item. In some jurisdictions, brokers may keep all the money received from the sale of the unredeemed pledge. In other cases, the broker may only keep the original loan and any interest due, but must turn any excess over to the pawnner.

In many states, pawnbrokers are required by law to file with the local police a daily list of items that have been pledged. They must report and give a description of the object along with serial number and other points of identification.

This gives the police an opportunity to check these pledge items against any list of reported stolen items. In somebody buys a stolen item from a pawnbroker, it must

be returned, and the broker must refund the purchase price to the customer.

DEBT LIMIT. Installment debt should not exceed 10% of take-home pay. A debt ratio of 20% indicates trouble ahead. However, when computing for your debt ratio, you must not include mortgage payments in the amount of debt.



Every business will get to the point where suppliers will offer terms on bills, rather than requiring payment up front or on delivery. Their bills will probably be marked "2/10, net 30." This means you get a 2% discount if you pay within 10 days, and the bill is due within 30 days.

Many business owners will jump at the opportunity to save the 2% by paying early, and rightfully so. However, believe it or not, they can help their credit rating by paying at the end of 30 days.

How is this so? It's all a matter of your business' **CREDIT HISTORY**. All of the companies who offer you terms will be reporting your history to various credit bureaus. These bureaus are who gets consulted by banks when they decide whether or not to give you a loan.

By always taking advantage of the 2% discount, a business establishes a paying pattern. Thus, if you've been paying a company's bills in 5 days for the past year, this is what they will expect from forthcoming bills. Now, say one month has a tighter cash flow than normal, and you must take 20 days to pay that bill. This sends up a red flag for the billing company.

You normally pay in 5 days, why are you now paying in 20? Even though you paid the bill well within the deadline, you have given a sign that you had a cash flow problem. This uneven paying pattern can show up on your credit rating. Even though all your bills are paid on time, an uneven paying pattern can jeopardize your future chances for more and larger credit limits.

Now, if you always pay your bills on the 25th day of the due period, even when

you can pay them early, that cash poor month won't look any different to the billing company. Most companies would rather grant terms to a company that always pays on the 25th day, than one that sometimes pays early, sometimes pays later, as this reflects an image of disorganization and uneven cash flow.

Also, always paying toward the end of the due period will aid your cash flow. If you pay your bills consistently, at the same time every month, you will not be surprised by a sudden cash shortage. For example, say you decide to pay a bill early one month. Then, the next week, your main supplier calls to tell you about a closeout deal he has that would double your profits.

Only problem is he can't offer terms, it has to be cash. Because you paid that bill early, you can't take advantage of the special deal. If you would have waited to pay it, your cash flow would have allowed the purchase, and the resulting higher profit margin would have yielded the cash to pay the bill.

So, you see, paying bills later, and not taking advantage of any early payment discounts, CAN work to your advantage. You need to consider your future plans and decide if saving 2% now is really worth it.



Here is another passport to success in taking advantage of a good deal or profitable transaction when it passes your way. "Signature loans are your key to the vault", and because they are based on your signature alone, they are also known as "Character Loans". No co-signer or collateral is involved in a real signature loan.

With pen in hand, based on your prior credit history and also your own experience with the bank, your signature can draw from \$1,000.00 to \$250,000.00. It all depends on your ability to pay the money back.

Once you get your first signature loan with a bank, walk in on the day it is due and pay it off with two cashier's checks or with two different stacks of money. The first check or money stack will be to cover the principal of the loan. Be sure to tell

him how well you did for yourself as you hand over your payment. Tell him not to make any plans for the money as you may need to rent it again soon.

As you pay back the interest portion of the loan, remind the loan officer that your good performance and his smart decision to give you a loan in the first place was a profitable experience for the bank as well. Remind him that it's the rent paid on these loans that keeps the bank in business.

Now, let's suppose that your original loan was for \$3,000.00. As you get up to leave the bank, turn to him and say, "Oh, by the way, I may want to rent \$5,000.00 in a couple of weeks. Will you hold on to \$5,000.00 for me?"

What you are doing is pre-qualifying for a \$5,000.00 loan. You are saying, "Hey, Mr. Loan Officer, are you going to raise my next signature loan to \$5,000.00 or is \$3,000.00 the limit?" What can he say? You have just paid off the \$3,000.00 loan, and the rent for the loan, and you have just reinforced the point that the rent, or interest, on the loan is what keeps the bank in business and pays his salary. If he answers with something like "We'll see.", sit back down at his desk and say, "You mean you're not sure? What seems to be the problem?"

It is very important at this point that you get some kind of answer from him in advance. It is very unlikely that a "Yes" will come forth, but a "sure" or "I suppose" will do. Do not leave the bank until he commits to the next loan. With each new loan, raise the dollar amount by \$2,000.00 increments, until you have reached \$10,000.00. At that point, you will be able to raise the amounts of future loans in \$5,000.00 and \$10,000.00 increments.

When shopping for aggressive banks, ask the loan officer you are dealing with if they are a "commissioned" loan officer. They are the most aggressive as they are paid a commission on all the loans they write. These people will be more eager to make you a loan.

In 1938 a federal law was passed known as the Wage Earner Plan. It is

administered by the same branch of our courts that handle bankruptcy. You must be a wage-earner to use the law - that is the primary requirement. The Wage Earner Plan does not in itself 'wipe out' debts, but a little-known proviso of your filing requires that your creditors must appear to verify your indebtedness to them. Statistics indicate that 40% fail to appear, in which case, those debts are indeed 'wiped out'. In some cases 100% of the creditors fail to appear, which enables you to wipe out ALL your debts without bankruptcy. If some of the creditors do appear, then the court allows you to spread your payments out over a three year period in smaller amounts so that you can afford to pay.

Once you file under the Wage Earner Plan, you stop bill collectors, lawsuits, judgements, assignments, seized bank accounts, and other actions against you. And to top it off, your credit rating is, in many cases, improved because you made an honest effort to work with the lending firms. Additionally, if the seller used deceptive trade practices to induce your purchase, your debt may be wiped out under the provisions of the Uniform Commercial Code. Under the Homestead Act, your residence can be exempted from levy to the extent determined by local law. Check at your local courthouse.



Some banks are eliminating the standard 25 or 30-day grace period within which you may pay your bill without being charged interest. This is the normal grace period before interest kicks in. But this is slowly changing. For example, some banks are offering extremely low fixed rates, but without a grace period. These cards will charge you interest from the date it processes your charge slip.

If you usually pay your bills in full within the normal grace period, it is best you avoid no-grace-period cards. The 25 or 30-day grace period is more financially significant for you than a lower interest rate. However, if you carry a balance each month, you're better off with a lower interest rate. In this case, a lower interest rate can save you more money than a grace period would.

Most banks and thrifts charge interest from the day they process your charge slip when you use your card to get cash. In addition to this, some cards are now assessing cash advanced service charges based on a percentage of the amount received. It used to be that service charges were based on a fixed fee, regardless of the amount of transaction.

If you avoid interest charges by paying off your bill each month, seek out a card that offer very low interest rates plus a grace period on purchases. Some institutions periodically offer cards with no fee for the first year as a promotion.

Don't be lulled into getting "premium" credit cards such as "gold cards" and Premier VISA. The only significant premium with these cards is the extra amount you pay in higher annual service fees. Besides the fancy finish of the card, the only other benefits you get with premium cards are travel insurance and the extra protection if your card is lost or stolen. Since by law, you are only liable for up to \$50 if your regular credit cards are lost or stolen, the zero liability you are getting from premium cards is hardly worth the extra money.



Many women complain about not having any credit. Those complaining are those who REALIZE that they do not have credit, single women or divorced women, specifically. However, there are many married women who have no credit because financial matters are handled by their husbands, and they are not even aware that they are without any type of credit rating. This is a large problem in America today.

Divorce seems to be the predicament that taunts women in search of their own good credit ratings. Either the wife did not have any of her own credit during the marriage, or the credit she shared with her husband took a bad turn during the divorce.

The key to your credit success, regardless of your marital success, is that you build your own "sole and separate" credit. There are many benefits to be gained. First, in the event that the marriage does not work out, each spouse may part with their

own credit. If the wife was always on time with her payments and the husband was poor with his payment schedule, they should be able to part ways with her credit intact.

Another good reason to have separate credit is in the event a financial tragedy comes your way, leaving you with no alternative but to file bankruptcy. It might be possible that one partner could file while the other remains clear.

If your husband currently has all the credit, have him place you on his accounts as a "sharer" of the account. You want to be sure you share the account but not the contractual liability. This way you will NOT be responsible for his errors. If it does show as a negative on your rating, you will be able to dispute it as you did only share the account. If the account is in good standing, work on getting it on your credit rating as you may take the responsibility for the good rating. For men in similar situations, try the same method.

If neither the wife or the husband have any credit, then both would sign the account as "joint" in privileges and contractual liability. Continue this process until you both have enough credit to get credit singularly. Then, as your new sole and separate accounts begin to get established, start closing the joint accounts you once shared. The purpose of this is to establish your credit as "sole and separate".

Consider also the use of a joint checking account. A clean checking history is very helpful in building credit, however, be wary if your spouse is particularly neglectful when maintaining a checking account-the end result could cause more harm than good.

If you are like most of us, then sometime or another, you will probably need to obtain a loan. If you can obtain one through a bank or commercial lending institution, then you don't really have any problems. Sometimes, however, banks and loan companies will not lend money that you may need.

The Hebrew Free Loan Society, located at 205 East 42nd St., New York, NY 10017, will make a loan to people in need - up to \$800. There is no interest on the loan, and it is scheduled to be repaid over a period of one year. Two endorsers are needed. Write to them for complete details.

A Consumer Guide to Real Credit Repair

Lexington Law Firms

Chapter One: The Secrets Of The Credit Bureaus

What is a Credit Report? What Kind of Information Appears on a Credit Report? How Long Will Negative Information Stay on my Credit Report? How does Bad Credit Affect a Mortgage? Can I See My Credit Report? How Much Bad Credit Does it Take for Me to be Denied Credit? Who Looks at My Credit Report? 10 Favorite Myths about Bad Credit What is a Credit Report?

Whenever you apply for any type of credit or financing, a credit report is pulled from at least one of the three major credit bureaus. While there are hundreds of smaller credit bureaus around the country, virtually every credit bureau is affiliated with either TRW, Trans Union, or Equifax. These credit bureaus collect and maintain information on the majority of Americans, but they are not affiliated with the government in any way. The credit bureaus are for-profit corporations and they sell your personal information for money. They receive your personal information through the same lenders who grant you credit.

The credit bureaus have agreements with each of these credit grantors that require the credit grantor to inform the credit bureau of everything that occurs in your relationship with the credit grantor. If you make a late payment, the negative credit listing is quickly reported to at least one of the major credit bureaus and is added to your credit history. Credit reports are not just a record of how you are currently managing your credit accounts. Credit reports are histories of everything

you are doing with your credit now, and everything you have done in the past. The credit bureaus gather this information, list the information on your credit report, then sell it to other credit grantors whoosh to see your credit history before they decide to lend you money. The credit grantors who review your credit are especially interested in any negative credit. If you have shown any tendency to pay late, or to disregard your financial commitments in the past, the creditors' computers will immediately reject your application. Exactly like when you were in grade school, your credit report is your financial report card to the world.

What Kind of Information Appears on the Credit Report? Merchant Trade Lines

These include all regular credit lines, such as department store cards, auto loans, mortgages, and credit cards. If there is any history of late payment, or if the trade line was included in the bankruptcy, charged off, or put into repossession, the listing will be considered negative by all credit grantors.

Collection Accounts

When an account is referred to collections because of delinquency or because of a bad check, this appears on the credit report as a collection account. Collection accounts can appear as paid or unpaid accounts.

Any type of collection account, whether paid or not, is considered very negative by all credit grantors.

Court Records Court records include bankruptcies, judgments, liens, divorce, satisfied judgments, and satisfied liens. All court records, including satisfactions, are considered very negative by all credit grantors.

Inquiries Every time a potential credit grantor looks at your credit file, a credit inquiry appears on at least one of your credit bureau reports. If the number of inquiries is very few over the last two years, then there may be no negative effect on your credit worthiness. However, if there are many recent inquiries showing on your credit report, credit grantors will become nervous and you will probably be denied.

How Long will Negative Information Stay on my Credit Report? The Fair Credit Reporting Act (FCRA) requires that most negative credit items be deleted from your credit bureau file in no more than seven years, except for bankruptcy which can be reported up to ten years. These are the time limits for reporting negative credit. The creditor or credit bureau can choose to have the negative credit information whenever they please. Inquiries remain on the credit report for two years.

How Does Bad Credit Affect a Mortgage? Would you believe that it is usually much harder to qualify for a gas card than it is to qualify for a home loan? Like many, you may have already disqualified yourself from buying a home due to bad credit. Little do you know, you may be considered an "A" buyer by many brokers and lenders. Even if your bad or insufficient credit disqualifies you as an "A" buyer, a home loan at standard interest rates may still be within your reach.

Homes are very secure collateral. Because of this, the lenders feel more comfortable lending you money against the property. As opposed to unsecured credit lines, the lender will be primarily interested in your job security, debt to income ratio, and ability to pay a reasonable down payment. Your credit report will only represent minor role in your mortgage approval.

Can I See My Credit Report? Most credit grantors are not allowed by the credit bureaus to show you your own credit report. But, you can purchase your credit report from the credit bureaus for a fee. Once you receive your credit report, you may find that you cannot read it because the information is listed in an unfamiliar code. Trans Union and Equifax credit reports are very difficult to interpret and understand. TRW credit reports, however, are quite easy for most people to read.

How Much Bad Credit Does It Take for Me to be Denied Credit? As you may have already experienced, as little as one small late pay listing will bring credit denials at every turn. It is a myth that a large amount of positive credit can outweigh some negative credit. Any negative credit whatsoever will become a substantial credit obstacle in almost every case.

Who Looks at My Credit Report? With the passing of each year, your credit report is used more and more often as a yardstick to measure your character. Prospective collectors will always review at least one of your credit reports before granting you credit. Today, it is increasingly common for insurance companies to review your credit before extending auto or health insurance. Many employers now check credit before they consider you for a position. If you rent, you may have already been through a credit check to determine your worthiness as a renter.

10 Favorite Myths about Bad Credit

Myth #1 When I pay off a past-due account, such as charge off or collection account, it will show "paid" and will no longer be negative. It is practically impossible to restore your credit without somehow satisfying your outstanding

debts. However, the act of paying off a debt actually hurts your credit. Negative credit is allowed to stay on the credit report for a maximum of seven years, except for bankruptcy which may remain up to ten years. This seven year clock begins ticking on the "date of last activity," or, in other words, when the last action took place on the account. By paying an outstanding, delinquent debt you will change the account status to "paid collection," "paid was late," or "paid was charged off"--which will stand out as a very negative listing. Furthermore, you will create a new date of last activity on the day you settle the account. The seven year clock will reset and begin all over again. When you have outstanding debt, it is almost always prudent to seek professional aid so that you may settle your debts without further damaging your credit (see Should I Use a Professional?)

Myth #2 If I succeed in deleting a negative item, it will just come right back on my credit report. The credit bureaus have very cleverly spread this myth through the news media and even government regulators. In truth, the credit bureaus will often temporarily delete a negative listing if they haven't heard back from the credit grantor after approximately thirty days. If the credit grantor reports in tardy, say after six weeks and verifies the negative listing, the credit bureau will often reinsert the negative listing on the credit report. This is often known as the "soft delete." Eventually, though, the creditor simply fails to respond to respond and the negative listing is permanently deleted. If the item is verified by the credit grantor, either before thirty days or after, the account may still be challenged again at some future time.

Myth #3 There are some types of negative listings, such as bankruptcies and foreclosures, that are impossible to remove from the credit report. There is no type of negative listing that hasn't been removed from a credit report a thousand times. Some types of negative listings, such as bankruptcy or unpaid debts, are certainly more difficult to remove from the credit report, but this has more to do with the operational systems of the credit bureaus than it has to do with the severity of the bad credit item. For example, judgments and tax liens are severely negative listings, yet are easier negative listings to remove.

Myth #4 Disputing the credit report is easy and any consumer can do it himself for the price of a few postage stamps. Disputing the credit report is easy. Getting results from the credit bureaus is amazingly difficult, complex, and infuriating. It

isn't a coincidence that the Federal Trade Commission receives more complaints against credit bureaus than any other type of business. Remember, the credit bureaus are primarily interested in protecting their profits. Investigating your challenge consumes these profits. Short of sparking mass numbers of lawsuits, the credit bureaus will do everything in their power to discourage consumers from making progress with their credit restoration. Restoring your own credit is like repairing your own transmission or representing yourself in court: it is possible, but you must decide if you are willing to take the time and assume the risks of doing it yourself.

Myth #5 If I declare bankruptcy, I can begin my credit report all over with a clean slate. Many bankruptcy attorneys do not adequately understand or explain the effects of bankruptcy to their clients. Stated simply, bankruptcy is to the credit rating what the nuclear bomb is to war. When you file for bankruptcy, every credit account that you decide to include in bankruptcy will become an "included in bankruptcy" account. Additionally, a bankruptcy filing and bankruptcy discharge listing will appear in the court records section of your credit report. Because so many negative items are attached to the bankruptcy, it becomes very difficult to remove all trace of the bad credit. If at all possible, you should avoid bankruptcy.

Myth #6 If you are not satisfied with the results of your credit bureau challenge, you may file a "100 word statement" on your credit report explaining your side of the story. Creditors will read your statement and will take it into consideration. No creditor, that we know of, considers information given in a 100 word statement. The statement only serves to very some of the negative listings on the credit report.

Chapter Two: Creating Good Credit

Maybe you've recently finished restoring your credit or maybe you're young and haven't used credit yet. In either case, it's easy to build a positive credit history quickly and cheaply. Most times you can build a glowing credit report in just a couple of weeks. First, you must make sure that your credit report is spotless. Most times, creditors will protect their liability by giving you several reasons for your credit denial. If you receive a denial letter that states, "Derogatory credit accounts & insufficient positive credit accounts," don't worry about the positive

credit until you've repaired the bad credit. That creditor would've probably denied you regardless of your bad credit history.

If you have any bad credit on your credit report, see the Restore Bad Credit file in this web site. Now that your credit is perfect, you are ready to build a positive credit profile. Follow any or all of these techniques to stack your report with A-1 listings. But, beware, if you stack too many open accounts, or too many credit inquiries, you will be denied based on debt to income ratio and excessive credit inquiries. If you already have a problem with excessive credit inquiries, see the Erase Credit Inquiries file in this web site. Piggy-back on a Friend If you know someone (like a good friend or parent) who has good credit, you can "borrow" their good credit listings. This friend must have credit cards, and must trust you enough to allow you to become an "authorized user" on his credit cards. Just have your friend call his credit card company and request that you be placed on his card as an authorized user. A copy of the card will be sent and you may simply return it to your friend. Your credit file should soon show an open account with all of the positive history that your friend has created over the years with that credit card. A small footnote will show that you are an authorized user of that card.

Remember, though, when a new credit grantor goes to review your file, he may insist that the balance on the card appear on your debt to income ratio balance sheet. That shouldn't disqualify you for credit if your income is sufficient and you don't have an excess of debt on your file. Get a Collateralized Credit Card Telephone the North American Consumer Alliance (NACA) at (801) 263-1373 and request their collateralized Visa card. You can get this card even if you have some bad credit still on your credit file. The Visa that NACA offers will allow you to utilize 150 % of the money which you place as collateral. So, if you put up \$500.00 as collateral, you will be allowed to charge up to \$750.00. Do the Credit "Waltz" Most banks will help you to build credit by allowing you to borrow against an amount placed in savings.

Here's how you can "waltz" \$500.00 to \$1000.00 into a good credit rating without tying the money for more than a few hours.

Step One. Deposit an amount over \$500.00 in a bank savings account. Explain to your account representative that you would like to build good credit by taking out a loan against that amount. Make sure you understand the terms of the loan. You

must make certain that at the bank will allow you to pay the note off within 90 days without an interest penalty.

Step Two. Take your new \$500.00 loan to another bank and repeat Step One.

Step Three. Repeat Step Two until you are satisfied that you have enough accounts to constitute sufficient positive credit.

Step Four. After ninety days, return to each bank and ask that each loan be retired with the \$500.00 being held as collateral. Seek Easy Credit Many stores extend credit without tremendous regard for the credit standing of the applicant. These stores usually can be found in industries with small products or traditionally high mark-ups.

Here are a list of creditors who will often extend credit to those without much credit history: Fingerhut Radio Shack Jewelers Furniture Stores Tire Stores Appliance Stores Easy credit Auto Dealerships

Chapter Three: Obtaining A Mortgage

Would you believe that it is usually much harder to qualify for a gas card than it is to qualify for a home loan? Like many, you may have already disqualified yourself from buying a home due to bad credit. Little do you know, you may be considered an "A" buyer by many brokers and lenders. Even if your bad or insufficient credit disqualifies you as an "A" buyer, a home loan at standard interest rates may still be within your reach. Homes are very secure collateral.

Because of this, the lenders feel more comfortable lending you money against the property. As opposed to unsecured credit lines, the lender will be primarily interested in your job security, debt to income ratio, and ability to pay a reasonable down payment. Your credit report will only represent minor role in your mortgage approval. On the other hand, much depends on the mortgage broker whom you choose. For example, you may walk into a bank, apply for a mortgage loan, and be turned down flat.

On the same day, you could step into the office of an independent mortgage broker, and he will pre-approve you for an "A" mortgage. Each mortgage broker uses one or more lenders to fund the home loans which come to him. The mortgage broker's job is to match you with the appropriate lender. For this service,

you or the home seller will pay the mortgage broker "points". These points are equal to percentage points of the loan amount. If you are paying your broker "2 1/2 points" on a \$120,000 home loan, that will come to a \$3000 payment to the broker.

There is nothing wrong with making the mortgage broker (and your real estate agent) earn their fees. Almost invariably, there will be problems that arise with your mortgage. Your mortgage broker and real estate agent are responsible for coming up with creative solutions to those problems. Some mortgage brokers will look at your less-than-perfect credit and suggest that you accept a "B", "C", or "D" paper mortgage. This means that the loan will require a larger down payment, a higher interest rate, better debt to income ratio, and, of course, more points for the mortgage broker. These high-risk loans are not very good deals. Many times, with the right mortgage broker, you could've qualified for an "A" paper mortgage.

Remember, a very small difference in your interest rate will cost you tens or hundreds of thousands of dollars. Do everything in your power to qualify as an "A" paper lender. Even if your broker encourages you to go with the high-risk mortgage, don't cave in. You have other options. Certain negative credit items can kill a home mortgage. A bankruptcy that has taken place in the last one year usually represents a deal-killer. With some mortgage brokers bound by less permissive guidelines, even a two year bankruptcy will kill the deal. The good news is that the right lender wont care if you declared bankruptcy as long as it is at least one year old. Any unsatisfied court record, such as a tax lien or judgment, will become an obstacle to your loan.

Sometimes, if you can just show your broker that you have satisfied the lien or judgment, they will forgive one court record. Otherwise, you will need to restore your credit a little before you apply. Any kind of outstanding, delinquent debt will pose a major obstacle. Even if you have paid the debt within the last twelve months, it will probably still be a problem. Unpaid collections, charge-offs, deficiencies on a repossession, remaining balance on a foreclosure will all destroy your chances of "A" paper. If you go to pay the debt immediately before you go to get a home, the creditor who you are paying will not likely agree to remove the "Paid collection" listing on your file. In order to pay outstanding, delinquent debt such as this without jeopardizing a home loan, you will require the assistance of

an attorney.

The best solution is to simply settle the debt a year before you intend to apply for a mortgage (see Eliminate existing debt.) If you do this, the "Paid collection" notice will be one year old when you go to apply and the right mortgage broker will be able to get you into "A" paper. A foreclosure in your past is the ultimate black mark when you're applying for a home loan. If you have a foreclosure, you will need to delete that listing from the credit report before you can qualify for "A" paper (See Restore bad credit.) Any late pays that have happened within the last year will also present a problem.

You can usually explain one or maybe two thirty-day late pays, but if you have more, you will need help getting them removed. You can try to contact the creditors reporting the late pays and ask them to remove the listing. If you have a decent reason why the late pay is a mistake, then the creditor might delete the item for you. Do not bother to tell them why you were late. They will not care what happened to you. Your only salvation will be to convince the creditor that there was a mistake and that, by some logic, it was their fault that you were late. If you aren't making progress with your creditors, you will need the help of an attorney. You will be amazed at how easily a law firm can get your creditors to come around to your way of thinking. When a mortgage broker prepares your file for the underwriter (the lender), he will use a Standard Factual Report to check your credit.

The Standard Factual company can aid in the deletion of negative credit listings. If you get a creditor to agree to move a derogatory listing, all you need is a letter or a phone call from the creditor to the Standard Factual company and the derogatory credit item will disappear from the Standard Factual report (not the credit report, though.) Most lenders will allow several negative items if you can adequately explain them. But, they only want to hear explanations that are medically related. If you can show the lender where an accident or illness caused a late pay or collection, they may let the derogatory listing slide. The good news is that any satisfied, derogatory credit listings that are over one year old (besides a foreclosure) can be overlooked by a lender. Any problematic derogatory listings can usually be overcome by you or a practiced law firm.

Don't accept high-risk paper until you have exhausted all of your options.

Remember, you can save yourself tens of thousands of dollars by investing a little now to perfect your credit before you go into a new home. If you would like help, just telephone the Toll-Free Credit questions number: 1-800-653-9529.

Chapter Four: Erasing Credit Inquiries

Every time you apply for credit, and the credit grantor checks your credit report, a credit inquiry is placed on your file. Even if you receive a credit offer in the mail and you respond, your credit will almost certainly be checked and a credit inquiry will be added to your credit report. Credit inquiries are bad because too many of them can indicate to a creditor that you're "credit hungry" and may be in financial trouble.

Worse yet, the creditor has reason to believe that you received many of the credit lines that are showing as inquiries, and that many of those credit lines have not yet appeared on your credit report. Too many recent inquiries indicate to a potential credit grantor that your debt to income ratio may be much higher than you say. Most creditors disregard inquiries once they have been on your credit report for six months or more. This may not help your situation if you need credit right away or if applying to a creditor who looks at all of your inquiries. All credit inquiries should come off your credit report after two years.

If you're not willing to wait, you may take these steps:

Step One. First, you must find out which credit inquiries are getting in your way. Order all three of your credit reports following the instructions in the Order Your Credit Reports file on this web site. When your reports arrive, look toward the end of your credit report to find the inquiries. Some of the inquiries are only promotional and will not be shown to prospective credit grantors. You need not worry about those. Identify only the inquiries that are shown to credit grantors. You should recognize some of these as places where you applied for credit, but others may be a complete mystery to you.

Step Two. You must then find the addresses for each credit inquirer. Your TRW credit report will list addresses for each of the inquirers. Your Trans Union and Equifax reports will show no addresses for credit inquirers. Match your TRW with your Trans Union and Equifax reports; you should be able to use the same addresses on the inquirers that are listed on TRW and on one of the other credit

reports. If some of the addresses don't show up on TRW but do show up on either Trans Union or Equifax, you will have to call the corresponding credit bureau to find the address. It is almost impossible to get a live body on the telephone at Trans Union, but Equifax has an 800 number listed at the top of their reports. If you have a inquirer on your Trans Union and you can't reach Trans Union by phone, then you might try calling the 800 directory (1-800-555-1212) and request the 800 number for the inquiring creditor. Once you have collected all of the addresses for each inquiring creditor on each credit report, you are ready for step two.

Step Three. Now you must prepare letters to each inquiring creditor asking them to remove their inquiry. The Fair Credit Reporting Act allows only authorized inquiries to appear on the consumer credit report. You must challenge whether the inquiring creditor had proper authorization before pulling your credit file. You may write the inquiring creditors a letter such as this:

Re: Unauthorized Credit Inquiry

Dear American Express,

Recently, I received a copy of my TRW credit report.

The credit report showed a credit inquiry by your company that I do not recall authorizing. I understand that you shouldn't be allowed to put an inquiry on my file unless I have authorized it.

Please have this inquiry removed from my credit file because it is making it very difficult for me to acquire credit. I have sent this letter certified mail because I need your prompt response to this issue.

Please be so kind as to forward me documentation that you have had the inquiry removed. If you find that I am remiss, and you did have my authorization to inquire into my credit report, then please send me proof likewise.

Thanking you in advance,

Jane Caveat-Debtor

Step Four. Some of your creditors may provide documentation that a credit

inquiry was authorized by you. Read the authorization that you signed very carefully. If there is any ambiguity, you can write back and argue that the inquirer's authorization form was too complicated and not easily understood by the layman. You can threaten to contact the state banking commission and complain about a deceptive and unclear authorization form if they don't remove your inquiry. Some creditors will try to ignore your challenge. Be sure to send each letter Certified Mail Return Receipt Requested and keep close track of the time that you sent the letter. If the inquiring creditor doesn't respond within about thirty days, you will have ample grounds to call the inquiring creditor and demand some action.

At that point, it's almost irrelevant whether or not you authorized the inquiry. Then it becomes about the creditor's lack of response to a consumer dispute. Be sure to hold your ground and demand that the inquiry be immediately removed or you will complain to the state banking commission or similar authorities. Many of your inquiring creditors may simply agree to delete the inquiry as a courtesy or because they cannot or will not verify your authorization. That is the goal. Remember, it is not likely that you will need all of your credit inquiries removed - just enough to keep you from being denied credit.

Chapter Five: Settling Unpaid Debts

Many times we have been asked, "Can I just delete the negative listing without paying the debt?" In most cases, the question comes from someone attempting to dishonestly escape a legal obligation. While it is true that negative debt listings can be deleted from the credit report - even while the debt remains unpaid - it is also true that these listings stand a good chance of reappearing on the credit file sooner or later. There is a better alternative than attempting to escape the debt. You can create a true win-win situation by settling the debt with the creditor. It is our experience that the average consumer will settle a debt for about 75 cents on the dollar. It is also our experience that a professional negotiator will settle an average debt for about 60 cents on the dollar including their fee. There is rarely a good reason to attempt your own debt settlement. Creditors will not take you half as seriously as they will take your attorney.

Handled properly, you will save time and money by seeking a good attorney to

negotiate with your creditors. If you need debt settlement assistance, call Lexington Law Firm at 800-653-9529 for very low cost debt settlement. You will be money ahead if you get the right help.

Understanding the True Risks and Realities of Overdue Debts

Most consumers overestimate the risk involved with overdue debts. They worry about possible repercussions such as wage garnishment and property seizure by their creditors. When the debt relates to a secured property, such as an automobile or a home, the possibility of repossession is quite serious, but unsecured debts, such as credit cards and deficiencies are much less pressing. In fact, very few creditors will push all the way to a garnishment on a relatively small unsecured debt. Garnishment and seizure are a creditor's most terrifying weapons used to collect past due debt, but they are expensive and time-consuming.

Even if the creditor went all the way to recover the debt, they probably wouldn't be able to recover enough to offset their collection costs. Therefore, there is very little risk of a creditor taking an unsecured debt past simple collections. It is important to remember, however, that the creditor would be in his rights to get a garnishment and seize property, even for a small debt. There is some risk of financial reprisals when a debt goes unpaid. Many consumers fold under the perceived strain of unpaid debts. Hundreds of bankruptcies take place in the United States each week for amounts under \$5000.

These consumers are so intimidated by their creditors, that they flee to bankruptcy, even though bankruptcy can bring total financial devastation for at least the next ten years. If these same consumers had simply waited, and ignored the threatening letters and telephone calls, they would have realized that their creditors were all bark and no bite. Bankruptcy is the best option for some few consumers, but it is much overused. And, when a consumer files for bankruptcy, everyone loses - especially the creditors. The risks of judgments, garnishments, and property seizures must be properly balanced against the likelihood that such drastic collection measures will ever happen. The risk, and the decision to take that risk, are entirely yours if you're in such a position.

Which Debts Can Be Settled? An unsecured debt is a debt where there is no collateral. Unsecured debts include medical bills, credit cards, department store cards, personal loans, collection accounts, student loans, amounts remaining after

foreclosure or repossession, and bounced checks. Most unsecured debts can be settled. But, utility companies generally won't settle for less than the full balance. There are some few creditors who will never compromise, but most will take a less-than-full payment as settlement in full to close a troublesome account. Secured, collateralized debts, such as a home or automobile, are another story.

If the creditor can simple repossess the property, why should he negotiate? You can often renegotiate a short payment relief with a secured debt, but don't attempt to settle the account while you still possess the property. Also, the creditor must have a good reason to want to settle. If the account is paid current, and there is no recent history of late payment, it will be difficult to convince the creditor that it is in their best interest to settle. This should not be read as are commendation that you stop paying your bills that are current. If you stop paying your current bills, you will almost certainly make your credit situation worse. Perhaps bad credit is not an issue for you at this point and you feel you must stop paying your bills in order to settle them and get back on top of your debt load. If this is the case, you make such a decision at your own risk.

Getting the Upper Hand As time passes, the creditors will likely stop calling and the debt will be filed away for future attention. The longer the debt remains uncollected, the better your chances will be of getting a good settlement.

Eventually, the creditor will consider the bad debt a loss in order to receive a corporate tax write-off. This does not mean that you don't owe the debt. The corporation may then collect on the debt themselves, sell or assign the debt to a collection agency, press for a judgment and garnishment, or temporarily ignore the debt. The course of action chosen by the creditor will vary widely between corporations and debts. In our experience, the consumer rarely has sufficient funds to repay a debt in full when a creditor demands payment. In many cases, much of the debt represents interest and penalties accrued while the consumer was unable to pay. It will be in the best interests of both parties if a reasonable arrangement for settlement can be reached. However, you cannot expect to reach an affordable settlement if the creditor thinks he has the upper hand. If, for example, you tell a creditor that you really need to get this debt settled to get into your dream home, you can forget any kind of settlement.

The creditor will insist on the full balance. It will be in your best interest if the

creditor believes that you have very little money and you are teetering on the edge of bankruptcy. The attorney who handles your settlements should approach each creditor as though this is their last chance to compromise, and get something out of your debt, before you declare bankruptcy and they get nothing. Also remember that time is on your side. Never look too eager to settle. Take plenty of time to reach an agreement. Don't accept the first, or even second, settlement offer. Make sure that they are the ones calling you to push the deal forward. You have the natural advantage in debt settlement, because you have something the creditor wants. You must hold out for your terms until the creditor gives you what you want. Once you've written that settlement check, your advantage disappears. So, get your terms in writing before you even open your checkbook.

Using Settlements to Restore Your Credit

The credit reporting system gives consumers very little reason to pay their debts. If the debt were ignored, the consumer would have a good chance at never hearing from the creditor again, and, after seven years from the date the debt was written off, the negative credit listing would disappear. If the consumer were to pay the debt, then that seven year period would begin all over again. A paid collection or charge off will trigger credit denial as quickly as an unpaid collection or charge off. It's like getting time added to your sentence for good behavior.

Fortunately, creditors make their profits by collecting from their customers, not reporting negative credit information. Because creditors can see this "catch-22" situation, they will often agree to delete any negative listing upon settlement of the debt. Collection agencies will always agree more readily to delete the negative listing than banks or credit cards. The only case where you should have a real problem with collection agencies is when they represent a larger, institutionalized creditor. Many creditors, though, have an agreement with the credit bureaus that they will not allow a negative listing to be deleted upon settlement.

Larger creditors, such as huge credit cards or banks will require more pressure before they will agree to delete a negative listing, but virtually every creditor will give in with the right amount of convincing. Every creditor who reports to the credit bureaus can also change the information they report. In most credit organizations, there are dozens of people with the authority to make changes on the credit report. Anything a creditor reports, a creditor can change.

You may take two approaches to having the negative information deleted upon settlement of a debt: pre-notification of terms and post-notification of terms. Pre-notification of terms: you tell the creditor up-front that you will require the deletion of the entire negative listing as a part of the payoff. The agreement to delete the listing and consider the debt settled is documented in writing and signed before the payoff takes place.

Advantage: Time will be saved and you wont be disappointed at the last moment. It is also less likely that you will have to fight the creditor later to actually delete the negative listing.

Disadvantage: When the creditor discovers that your credit is important to you, he will usually ask for a larger settlement amount - sometimes full balance - to meet your terms.

Post-notification of terms: once settlement negotiations are complete, the creditor receives the agreed payment with the requirement that the negative listing be deleted attached to the check. This approach requires use of a "conditional endorsement" document (drafted by your attorney) notifying the creditor of your terms.

Advantage: You will almost always get a better settlement amount. The creditor will often be tempted by the payoff when the terms arrive and will deposit the check without blinking at the new terms.

Disadvantage: The creditor often hangs up on the new term and might send the settlement check back. The creditor might still ask for more money, or reject on the deal altogether. If the creditor simply deposits the check without intending to follow through with your new term, you will have to fight the creditor later and force him to delete the negative listing. Never expect a creditor to meet an agreement that was made verbally.

Everything must be in writing and, even then, you will probably have to fight to make the creditor live up to his end of the bargain. You may find that some of your creditors are willing to hold out longer than you are willing to hold out before agreeing to delete the negative listing from your file. In other words, they will not agree to delete the negative listing under any circumstance. Once again, let it be said that every creditor will give you what you want if you speak to the right person long enough and you make the right offer.

But if you are on a time-line, and your attorney can't get them to agree to full deletion, you have a couple of other options: List the Account as "Paid" only. You may counter-offer that the creditor simply list the account as "Paid" rather than delete it altogether. This is a true indication of the status of the account and many creditors will concede and agree to this wording. A "Paid" status is still very negative for a collection account or an account that will show "Paid Charge-off" or "Paid repossession." You should only agree that the account show "Paid" if all other negative notations, such as "Charge-off," "Repossession," late notations, and "Collection," are deleted at the same time. A simple "Paid" notation on a regular trade line is neutral and should not hurt your credit. List the Account as "Settled" only. You may counter-offer that the creditor simply list the account as "Settled" rather than delete it altogether. "Settled" is an inherently negative listing but not as negative as "Paid charge-off." Don't agree to a "Settled" listing until you have exhausted all other possibilities. "Settled" will still trigger a credit denial. You should only agree that the account show "Settled" if all other negative notations, such as "Charge-off," "Repossession," late notations, and "Collection," are deleted at the same time. If you agree to a "Settled" notation, you must continue to work hard to delete the notation through the credit bureau dispute process. List the Account as "Paid Charge-off" or "Paid Collection" or "Paid was 30, 60, or 90 days late." This will be the creditor's first choice, and your last choice, of what to place on your credit report once you have paid. These notations are almost as damaging as showing the same debt unpaid. It is very common, though, for an account to be deleted (through credit bureau disputes) once it has been paid. The creditor now has no compelling reason to keep the negative listing on your report. For this reason, it is still usually a good idea to settle even if the creditor won't budge on deleting or positively modifying the negative listing.

Chapter Six: Restoring Bad Credit

What are the risks of doing it yourself? Ordering your credit reports. Organizing Yourself Analyzing your Credit Report Drafting your Disputes Sending your Disputes Getting a Response Seeing Results Fourth Quarter Strategies Settling your Debts Disputing the Information with the Source Submitting a 100 Word Statement with the Explanation What are the risks of doing it yourself? Most how-

to credit restoration books include example form letters for the reader to use in disputing his negative credit.

But, employees of the credit bureaus are usually the first in line at the newsstand to buy the new how-to book. Therefore the credit bureaus immediately spot these standard forms. Once the bureau has zeroed in on the structure of the form, any such letter will immediately earn a "frivolous or irrelevant" response from the checker. Many times, the credit bureau will see this as a sign that the customer is "yanking their chain" and the checker will "red flag" the client's credit report for future reference.

These instructions will not provide for specific techniques or form letters, as the credit bureaus have proclaimed publicly that they can spot such forms. Rather, we provide general outlines and strategies that you may follow as you dispute your negative credit. However, it is important for you to understand that there are risks in restoring your own credit. These risks are greatly multiplied if you cannot dedicate sufficient time to the task, or if your organizational skills aren't top notch. Countless do-it-yourselfers make seemingly harmless mistakes in the process of disputing their credit, only to make their credit files worse - ultimately seeking professional help after too much damage has been done.

These risks include: - Red flagging the individual file as someone attempting credit repair.- Unwittingly self-verifying negative information.- Making statements that create a fraud indicator, hawk-alert, or trans-alert.- Adding statements to the negative listings which do nothing but substantiate them.- Doing anything to tip the credit bureau that you are systematically attempting to restore your credit. While restoring your own credit may save you money, if it is done improperly it can cost you thousands of dollars in lost time, hassle, and you may do more damage than good to your credit. Ordering your Credit Reports Before you begin the battle, you must study the battlefield. The struggle to restore your credit will be fought between the lines of your three credit reports.

These reports will cost \$8.00 each, unless you live in Maine or South Dakota, where the reports will cost \$2.00 each. As mentioned before, the credit bureaus change addresses regularly, so we will provide the current credit report ordering addresses, but you may wish to telephone the credit bureaus to confirm that these addresses are still correct (phone numbers available through www.bifyellow.com

TRW PO Box 949-0949 Chats worth, CA 91313 Trans Union PO Box 390 Springfield, PA 19064 Equifax PO Box 105873 Atlanta, GA 30348 You may also obtain credit reports for free, but this method only works if you have recently been denied credit. If you have been denied credit in the last 60 days, you may write to the credit bureau listed on your denial letter and request a free copy of your credit report. It may take a little longer than if you simply purchased the report, but it will save you \$8.00. If you telephone the credit bureau to order your credit reports or to confirm their mailing address, you will most likely reach their phone mail system.

However, if you do speak to a credit bureau representative about any issue, be careful. Say nothing that would indicate you are attempting to restore your credit. Don't try to submit your dispute over the telephone; it will be hard enough to get it right in writing, even with plenty of time to weigh your words. Be sure to send your request for a credit report via certified mail, return receipt requested. Your local post office will provide you with the necessary forms. Copy your letters and checks and file them according to the date they were sent. The credit bureaus will, very often, take your check and send you nothing. Don't despair, this is just another skirmish in a long battle. If you receive no credit report after you have followed these steps and waited about three weeks, then you must send a follow-up letter, again certified mail, return receipt requested, demanding that the credit bureau forward a credit report immediately. Include a copy of your check and your original letter. Remember, you have the right to purchase and see your credit report.

Organizing Yourself

As soon as you have ordered your credit reports and copied your order letters and checks, you must create a precise organizational system to track your correspondences with the credit bureaus and your creditors. Purchase a large, desk blotter-size calendar and a fine-point pen. On each date box, reserve the top portion of the box for correspondence deadlines, such as the date you expect to receive a credit report from a particular bureau, or when you expect a reinvestigation to be completed. Reserve the bottom portion of the date box for notations, including actions you have taken, such as when you ordered your credit report, or when you sent your dispute letter. Purchase a small file cabinet to keep

your credit bureau and creditor files organized. You should open a file for each credit bureau, two files per credit bureau if you are working as a couple.

Every time you receive a credit report, credit bureau correspondence, or you send a correspondence, a copy of the document must be dated (by date sent or received by you) and filed in the appropriate file. Keep all the documents in chronological order in the file. Open another file for each creditor. You will also be communicating with the individual creditors. Follow the same rules for document filing as mentioned above for credit bureaus. Every time you have a telephone conversation with a creditor, you must document the contents of the conversation by writing the name of the person you spoke with, his or her position, the date and time of the conversation, what was said, and what you agreed to do. You should also get the name of the person's superior, and the superior's direct phone number as well. This documentation should be noted on a single sheet of paper and filed chronologically in the creditor's file.

Analyzing your credit report

When you first receive your Trans Union and Equifax credit reports, you will be totally lost. The information is coded in a way that is not immediately readable by the average consumer. Each credit report should arrive with a key that interprets the codes and indicators on the credit report. Sit down with the report and the key and study it until you understand what each number and code means. Don't write on your original credit report -- yet. Make all of your notes on a copy of the report. You will be sending your original report with your dispute letter, so you should make at least two copies of each new report. The original goes with the dispute, one copy is for notes, and the other copy is kept clean for your file. Gather a yellow and orange highlighter pen. Whenever you identify a negative listing, mark it in yellow on your scratch copy of the credit report. Often, it is difficult to tell if an item on the credit report is negative or positive.

The following table will help you identify every negative listing on your credit reports:

Negative Credit Indicators	Description
If the listing contains one or more of these indicators, then the listing is negative.	If the listing contains none of these indicators, then the listing is positive.
TRW Credit Report any item marked with an asterisk	
Trans Union Credit Report any item rated higher than I1, M1, or R1.	
any item listed as repossession, foreclosure, profit and loss write-off	

charge-off, paid profit and loss write-off, paid charge off, settled, settled for less than full balance, or included in bankruptcy any collection amount, whether paid or not. any court account, including a lien, judgment, bankruptcy chapters 11, 7, or 13, divorce, satisfied lien, or satisfied judgment. any item showing one or more thirty, sixty, or ninety day late payments in the column to the far right. any inquiry. Equifax Credit Report any item rated higher than I1, M1, or R1 (such as R2 or I9). any item proceeded by a ">>>" icon. any item listed as repossession, foreclosure, profit and loss write-off charge-off, paid profit and loss write-off, paid charge off, settled, settled for less than full balance, or included in bankruptcy. Any collection amount, whether paid or not. any court account, including a lien, judgment, bankruptcy chapters 11, 7, or 13, divorce, satisfied lien, or satisfied judgment. any item showing one or more thirty, sixty, or ninety day late payments in the column to the far right. any inquiry. Once you have marked all negative items on your credit report with a yellow highlighter, you may begin looking for inaccuracies and inconsistencies in your credit report. Whenever you identify an inconsistency or inaccuracy on your credit report, mark it with the orange highlighter. An inaccuracy is something you know is not true, such as a listing that doesn't belong to you or a listing showing the wrong balance. An inconsistency is when the same information on the credit report contradicts itself, such as a listing showing 12 thirty-day late notations when the listing only shows 4 months reviewed. Later, when you are constructing your dispute, you can use these inaccuracies and inconsistencies to lend credibility to your challenge.

Drafting your Disputes

Don't wait for all of your credit reports to arrive before you begin to analyze and dispute them. Remember, you will need to invest two things to restore your credit: money and time. Not only will you invest substantial time in analyzing your credit report, preparing your disputes, speaking with creditors, and tracking your results, but you will invest calendar time. You want every day to eat away at your bad credit. That can only happen if you never procrastinate any step of this process. If you procrastinate drafting your disputes, you will never finish the job. If you tend to procrastinate, seek professional help to restore your credit.

After you've analyzed your reports and marked every negative listing in yellow and every inaccuracy and inconsistency in orange, you may begin to develop your

dispute letter. As previously mentioned, we will provide no form letters for disputes as they will quickly be spotted and rejected by the credit bureaus. Rather, we provide general strategies which have proven effective in forcing the credit bureaus to fulfill their responsibility and conduct an investigation into your disputed items.

Fundamentally, you must follow these rules: The Ten Commandments of Disputing Your Credit

Commandment One: Never lie in your disputes or on your credit applications. In many states, it could be a crime for you to lie when disputing your credit report. Therefore, you are cautioned that you must never lie or make misleading statements when disputing your credit report or completing a credit application. In most cases, it is a federal crime to lie on a credit application. Furthermore, it is unnecessary to lie when disputing your credit report. Remember, you have the right to dispute your credit report so long as you have reason to believe that is in unverifiable, inaccurate, or obsolete. In order to dispute information that is technically accurate, but should still be investigated and deleted on the basis of verifiability, you must invent other means of disputing the listing besides claiming that it is "not mine" or "was never late."

Commandment Two: Always indicate whether the disputed listing is being challenged as "not mine" or "not late." While you must never say that the account isn't yours or that you were never late unless you have reason to believe that statement is true, the credit bureau must know if you are disputing the existence of the listing or just the information within the listing. They cannot begin an investigation unless they know whether you believe the listing doesn't belong on your report at all, or if you believe the information on the listing should be changed. If you are unclear about the nature of your dispute, the credit bureau will promptly return your letter. If you dispute a listing on the basis that you were "not late," and if the credit bureau fails to verify the listing, then the listing will be perfected and appear as a positive listing. If you dispute a listing on the basis that it is "not mine," and if the credit bureau fails to verify the listing, then the listing will disappear from the credit report altogether. Since a positive listing is much better than no listing at all, you should dispute all simple late pay listings as a "not late" type of dispute. All others must be disputed on the basis that they may not

belong to you.

Commandment Three: Always tell the credit bureau the desired outcome of the investigation. You must always include what you would like done with the listing. There are two options: delete the entire listing, or erase the late pay notation within the listing. Don't bother challenging the information within a collection listing, charge-off, court record, repossession, foreclosure, or settled account. As the basic nature of these listings is negative, changing the information within the listing will yield no improvement. Severely negative listings, such as these, must be disputed on the basis of complete deletion or not be disputed at all.

Commandment Four: Always provide a reason for your dispute. If you don't give some kind of explanation as to why you think the credit report is wrong, then the checker may return or ignore your dispute.

Commandment Five: Always include indicators of authenticity in your dispute. Don't forget that the job of the checker is to reject irrelevant disputes and to investigate the bona fide disputes. You may ensure that your disputes sound authentic by adding things that only a true, frustrated consumer would write, such as "my son's a banker, and he mentioned that I could write you and you would clear up these mistakes." Original indicators of authenticity cannot be listed here, or they would cease to be effective, but you must get creative and always include sentences or phrases that will convince the credit bureau that you're for real.

Commandment Six: Never sound like an expert. The credit bureaus receive over 10,000 disputes per day, and your dispute should look like any other. If you quote legal statute or you remind the credit bureaus of your rights under law, the checker will suspect that you read a book about credit repair or you are using a credit repair company. If the checker believes you are attempting to restore your credit, your dispute will be tossed in the "frivolous or irrelevant" bin.

Commandment Seven: Become more insistent and more threatening with each dispute. As you submit one dispute after another, it will become increasingly difficult to get the checker to initiate an investigation. Your first one or two disputes should be friendly and polite. Just like any other consumer, you can become frustrated and threatening as time passes. You may threaten to hire an attorney; you may threaten to complain to the FTC and your state's attorney general, etc.

Commandment Eight: Do not bombard the credit bureaus with disputes. Sending one dispute right after another is wasteful and counterproductive. You may send no more than one dispute every ninety days. If you dispute more often, the credit bureau will simply return the dispute as "frivolous or irrelevant."

Commandment Nine: Use inaccuracies and inconsistencies as examples of how the credit listings are wrong. Remember that it will do you no good to change minor information contained in a severely negative listing. Use inaccuracies and inconsistencies as a basis of dispute. You will do well to use the other two credit reports to establish inconsistencies by comparing the other credit report to the report you are disputing. Remember, though, that you can only use another credit report for comparison if that report doesn't confirm negative credit listings that you are attempting to dispute.

Commandment Ten: Create and utilize other techniques that help further the idea that the dispute letter is from a truly wronged and disadvantaged consumer. The checker is only interested in investigating disputes from consumers who have totally inaccurate credit reports due to credit bureau errors. In short, the checker only wants to help consumers who have a good case against the credit bureau and might likely sue them.

According to the Fair Credit Reporting Act, the credit bureaus should legally investigate all disputes that are not "frivolous or irrelevant." In practice, the checker will only do what he or she has to do in order to avoid a lawsuit. For this reason, it becomes necessary to contrive all manner of strategy to compel the checker into doing what the credit bureaus should be doing anyway -- which is to conduct an investigation into every reasonable dispute.

There are many other techniques used by credit restoration professionals, but you must figure those out on your own. It would render those techniques useless if they were published. As you may have noticed, only general strategies have been provided. If you earned a high Success Rating on the self-rating questionnaire Do you need the help of an Attorney , then you should be prepared and inclined to invent your own, effective techniques following the guidelines set forth in the Ten Commandments.

Your dispute will be taken more seriously if you print it from your computer. If you don't own a home computer, seek a professional, as writing your disputes by

hand or on a typewriter will take up enormous amounts of time and may yield disappointing results. With each copy of your credit report, you should find a form supplied by the credit bureau for disputing credit listings. You should not use these forms for your dispute letters. The form may force you to lie about your credit situation and thereby possibly break the law. Also, the forms are not specific and they are not taken as seriously by the credit bureau checkers. Prepare your disputes on your personal computer, preferably on personal stationery. You should send an original copy of your credit report with the dispute letter. You may now mark the original report to make it easier for the checker to see any inconsistencies, inaccuracies, or notes. Remember not to verify any severely negative listings by correcting minor information on the listing. Make sure all your personal information is either on the credit report accompanying your dispute, or on the dispute letter itself. This important information includes: your full name, date of birth, current address, and social security number.

As you draft your dispute letters, remember that the checker is only interested in investigating disputes from consumers who have totally inaccurate credit reports due to credit bureau errors and that those consumers represent a threat to the credit bureau. **Sending your Disputes** When you mail your dispute, you should include the original copy of the credit report with your dispute letter. You will be amused to note that the credit bureaus take space in their literature to convince you that your credit cannot be "repaired." In TRW's words, "No one can have accurate, current, and verifiable information removed from your credit report." Take note that even TRW admits that accurate information can be removed if it is not verifiable. You must send your dispute letters via certified mail, return receipt requested. This means you must go to a post office to mail every dispute. Certified mail, return receipt requested, will cost more than a dollar extra, but it will demonstrate that you are serious about your correspondence. Without certified mail, return receipt requested, you would have no record of the credit bureau receiving your letter nor the date they received it. When you receive the return receipt in the mail, make sure to staple it to your copy of the original dispute in your file. Don't hold disputes until you have a full set of credit reports. Send each dispute as soon as it is ready, as long as it is 90 days after your last dispute to the credit bureau.

Getting a Response

You will receive one of eight types of response to your dispute:

1. No response at all.
2. A stall letter asking for more information.
3. A rejection based on the timing of your dispute.
4. A rejection letter on the grounds that the dispute is "frivolous or irrelevant."
5. A rejection based on the grounds that the credit bureau believes you are manipulating the system.
6. A letter announcing that your investigation has begun.
7. A letter announcing that your dispute has been forwarded to the appropriate credit bureau.
8. A new credit report showing the results of an investigation.

Don't be discouraged if you receive multiple stalls or rejections. Remember, restoring your credit isn't easy. If you decided to restore your own credit, you knew from this text that you would encounter delays. Each case requires a different response. However, you should remember this rule of thumb: the credit bureau is a bureaucracy; you shouldn't expect the credit bureau to react as though it were an individual. There is no single person handling your case. If you type out a ferocious counter-letter in response to the credit bureau's rejection or stall, the credit bureau employee who receives it will have little idea why you are fuming.

Usually, it is better to simply write the dispute again. Here are some guidelines to reacting to the eight types of credit bureau responses:

1. No response at all: 52 days after you sent your dispute, if you haven't heard anything from the credit bureau, you may assume that your dispute was ignored. There is really little you can do except to document the lapse and draft another dispute. This dispute should mention the previous ignored dispute as well as certified mail number of that dispute. The new dispute should be more threatening than the first.
2. A stall letter asking for more information: Often, if your dispute alleged that someone else's file was merged with your own, the credit bureau will send this

type of stall. A new dispute should be drafted basically repeating the first dispute (but doesn't allege that your file was merged) and includes all information requested by the credit bureau response. You may remind the bureau that this information was previously included in the credit report that accompanied the first dispute. This second letter should be more threatening than the first dispute.

3. A rejection based on the timing of the dispute: If you sent a dispute before 90 days after your last dispute, you will likely earn this response. Also, if the credit bureau sees that you have sent in many disputes, they may choose to brush you off with this rejection. You must respond by becoming more demanding. If they had finished the job properly with the first dispute, you wouldn't be forced to dispute the listings again! Send another dispute, much like the first, and insist on immediate action.

4. A rejection based on the grounds the dispute is "frivolous or irrelevant." This type of response would infuriate any consumer. Maybe the bureau thinks you are working with a credit repair company, or maybe they think that you will not stand up to an initial rejection, and they may even ask you to pay for their investigation. You must prove them wrong by becoming even more insistent and threatening in your disputes. Send the same dispute over again with some additional substantiation.

5. A rejection on the grounds that the credit bureau believes you are manipulating the system: The rejection letter may imply that you are working with a credit repair company, or that you are unduly barraging them with disputes. As a consumer who has been treated unfairly, these are not your problems. Insist, in another dispute, that the credit bureau is responsible for conducting the investigation and they are taking a very unwise risk in rejecting your dispute. All you want is your credit report properly corrected.

6. A letter announcing that an investigation has begun. Trans Union will usually send these letters as a clever way of extending their 30 day investigation period. You really have no choice but to accept their timetable. Just place the letter in the file and watch closely for the response to arrive on the date indicated in the letter. If no response comes, see item number one on the list.

7. A letter announcing that your dispute has been forwarded to the appropriate credit bureau. If there is a local credit bureau involved in your dispute, the main

credit bureau will forward your dispute to that bureau for verification. Count on an additional two week delay when this occurs.

8. A new credit report showing the results of an investigation. This is the desired result. When you receive your new report, you should copy and carefully analyze the credit report for deletions or changes to perfect.

Seeing Results

The easiest way to analyze the results of a successful challenge is to compare the newly investigated report with the previous report. You may simply go down the list of negative items and note the absences of negative listings or listings that were negative, but have become positive. You may also determine improvements by comparing information within the same credit report. Equifax and Trans Union now usually provide a list of items challenged and whether or not the items were changed, deleted, or verified as accurate. TRW has a list of items challenged at the back of the credit report. You may compare this list with the negatives remaining on the credit report to determine what progress has been made.

As you receive the results of the credit bureau investigation, you will note that each disputed listing will have been handled in one of five different ways:

1. The disputed listing was not investigated. Perhaps your dispute was not sufficiently clear, or perhaps the credit bureau simply chose to ignore your dispute. In either case, you will need to dispute the item again in your next dispute letter.

2. The disputed item was investigated but verified as accurate. The creditor may have responded to the credit bureau's request for reverification, or the credit bureau may have simply faked the investigation to get you off their back. You have the right to dispute the listing again at a future time. In fact, the FTC has determined that the credit bureau may become responsible, in future disputes, to look deeper into the disputed item than simply asking the creditor to check their computer records.

3. The disputed listing was investigated as to the correctness of the information within the listing such as late pay notations, and the listing was found to be inaccurate or unverifiable. In this case, the negative listing will now show up as a positive listing. This is the best possible outcome because now you will enjoy

good credit once your report is cleared.

4. The disputed listing was investigated as to whether or not the listings belong to you, and the listing was found to be inaccurate or unverifiable. In this case, the negative listing will disappear from the credit report altogether.

5. The disputed listing was deleted or improved to perfect, but the negative listing was later verified and re-listed on the credit report. If a listing is verified by the creditor after the thirty day investigation period, the credit bureau can replace the listing on the credit report. When this occurs, see item number two. Whatever your response, restoring your credit is a cycle. If you receive disappointing results, remember that it took you some time to create your bad credit, and it will take a little time to restore your good credit. Collect your results, mark your calendar, and wait for the next acceptable dispute date. Don't forget to allow at least sixty days between disputes.

Fourth Quarter Strategies

The more you dispute the negative listings on your file, the more difficult it becomes to get a new investigation started. As you find the frequency of investigations and deletions dwindling, you must consider these Fourth Quarter Strategies.

Threats

Remember, the checker must sense that you are a legal threat to the credit bureau; that you might sue them if they don't follow through with their obligations. There are several reasonable threats to the credit bureaus that may make them stand up and take notice of your dispute -- regardless of how many times they've previously looked into the negative listing.

1. "I have contacted a lawyer and am considering a lawsuit." Every day the credit bureaus are embroiled in consumer lawsuits, costing the credit bureaus hundreds of thousands of dollars in awards given to consumers. The credit bureaus pay even more to maintain the legal staff necessary to handle these cases. Technically, you may sue the credit bureaus every time they fail to comply with the Fair Credit Reporting Act. However, the most viable lawsuits are those from consumers with negative consumer information not belonging to them listed on the report. You must be careful about threatening to sue anyone. If you say, "I am going to sue

you," you must really be intent on filing suit. You may, in any case, express your consideration of a lawsuit or steps you have taken to proceed with preliminary work, such as seeking counsel with an attorney. This threat shouldn't be overused, but don't forget that an average consumer being mistreated by the credit bureaus would almost always make such a threat. If you fail to mention the option of a lawsuit, your dispute will lack punch, especially after you have submitted numerous previous disputes.

2. "I am filing a complaint with the Federal Trade Commission." The Federal Trade Commission (FTC) regulates and monitors the activities of the credit bureaus. The credit bureaus won't be crushed by a single complaint, but they would rather limit the number of complaints received by the FTC each year. As it now stands, the credit bureaus are the number one source of consumer complaints to the FTC. In order to file a complaint with the FTC, you may write: Federal Trade Commission Pennsylvania Ave. and Sixth St., N.W. Washington, D.C. 20580 WWW: www.ftc.gov Make sure that your complaint is brief and to the point. You may wish to include a copy of the complaint in your dispute letter and threaten to mail the complaint if you don't receive satisfaction within thirty days.

3. "I am preparing letters to my state senators and representatives." Every year, the credit bureaus fight off new legislation which would further restrict their practices and place greater financial penalties on their mistakes. Presently, they enjoy only the constraint of a 25 year-old statute that is, advantageously for them, outdated. In Congress, when a new, tougher, Fair Credit Reporting Act reaches the floor, the credit bureaus are forced to labor to keep the new act from passing. So far, they have succeeded in preventing changes to the Fair Credit Reporting Act, but as time goes on, and more consumers complain to their congressmen, fewer congressmen are willing to listen to the credit bureaus. Letters to federal and state congressmen that express outrage over the conduct of the credit bureaus will eventually change credit reporting as we know it. The credit bureaus want to delay that change, and they will shrink at your decision to write your local statesman. Feel free to send copies of your complaint letters with your dispute.

Settling your Debts

If you haven't yet settled your outstanding, delinquent debts, you must seriously consider doing so. Many of your creditors will see the negative listing on your

credit report as a collection tool, and they will do whatever it takes to keep that negative listing on the report, even if it requires verifying a thousand investigations. Even if you delete a negative unpaid listing, that negative listing may well reappear when the creditor or collector settles the account, seeks a judgment, or passes the amount to collections. Please see Settling Delinquent Debts for more information.

Disputing the Information with the Source Sooner or later in this process, you should dispute the credit information with the creditor who reported it. If you are in a hurry to restore your credit, you should be writing your creditors from day one. If you have worked with the credit bureaus for some time and the results are lagging, now would be a good time to take the fight directly to the source.

Submitting a 100 Word Statement of Explanation

Most do-it-yourself credit repair manuals recommend that you file a 100 word statement to be added to your credit report explaining the circumstances of the negative credit that remains. After all, the Fair Credit Reporting Act does give you that right. We have never seen a creditor who bothered to read or consider the 100 word statement. In fact, many creditors won't look much beyond the automatic credit bureau rating that appears with your credit report when you apply for credit. This instruction does not recommend that you file the 100 word statement. It would only serve to self-verify information that should come off through repeated disputation of the listing. If you have previously submitted any 100 word statements, they should be the first items you remove.

The information on this disk has saved many people a lot of money. This disk is a guide to repairing your credit. Even if you have A-1 credit, this disk is a must. But if you are like 77% of Americans that don't have A-1 credit, the information on

this disk can save and solve you many problems, many of them before they start. On the disk, are form letters, and many forms and documents used in credit repair by credit repair businesses.

Congress Passed Laws To Protect You

When Congress conducted the investigations of the various credit reporting agencies in the 70's when asked why there were so many mistakes, the standard answer was, " THAT WAS WHAT WAS REPORTED TO US "!

It is hard to believe but no one was being held accountable for the accuracy of the information contained in your credit report. Not the creditor's who reported your payment history or even the credit reporting agency that passed it along to whoever wanted to look at it.

The final action of the congress was to enact a set of "public laws" (UNITED STATES CODE, TITLE 15, CHAPTER 41) designed to help you the public ensure that the information contained in your credit report is correct. Most importantly the congress made the credit reporting agencies responsible for determine the accuracy of the information they report.

The problem is how does the average man or women help themselves under the law. The red tape, the letter writing, where do you mail the request, what sort of request do you make. Even what are your rights, understand it is not in the best interest of anyone to help you or take the time to teach you what to do. After all, credit reporting agencies make their money providing credit reports to lenders, not by fixing bad information in your record.

The Fair Credit Act was first passed in 1971 and has been revised several times since. The ACT was passed to address the problems of poor reporting practices and give the consumer a remedy to solve the problems created by these inaccurate reports. This was accomplished by establishing guidelines for removing and correcting, "obsolete, inaccurate, irrelevant, outdated, misidentifying, incomplete, incorrect, erroneous, and misleading" information from your credit report.

If you are having problems getting credit or paying your monthly bills, you may be tempted to turn to businesses that advertise quick and easy solutions to credit problems. But do not be misled. There are no instant solutions. Although some credit counseling businesses "guarantee results or your money back," you may find that there are hidden strings attached or that the company is gone when you want your money back.

There are steps you can take to help solve your credit problems. However, solving them takes time, patience, and some understanding of the law. This brochure may help you. It explains why your credit history is important, how to build a credit history and establish credit, and what can be done to improve a bad credit history. It also suggests ways to help deal with debts you may have, possibly by using a nonprofit Consumer Credit Counseling Service.

Why Your Credit History is Important

Although creditors usually consider a number of factors in deciding whether to grant credit, most creditors rely heavily on your credit history. To learn how you have handled credit in the past, most creditors obtain a report from your local credit bureau. Credit bureaus gather and sell credit information about consumers and are a principal source of information about your credit history. Your credit bureau report is based on information supplied over time by your creditors. It also provides information on where you live and work and may note other matters of public record such as judgments or bankruptcies. Your report records payments you have made on credit cards, installment loans, and other credit accounts and helps creditors predict whether you are likely to be a good credit risk. A history of timely credit payments helps you get additional credit. Some creditors are reluctant to grant credit to consumers who have not established a "track record" with other creditors first. In addition, many creditors will not extend credit to consumers with a history of delinquent payments, repossession, judgments, or bankruptcy. If you are in either situation, be wary of ads that promise you "instant credit" or "a major credit card regardless of your lack of credit history or your past

credit record." The fact is that all legitimate creditors want to know whether you are likely to be a good credit risk. Whether you get credit will depend on whether your qualifications meet the creditor's criteria. No one can guarantee you credit in advance.

How to Build A Credit History and Establish Credit

Building a good credit history is important. If you have no reported credit history, it may take time to establish your first credit account. This problem affects young people just beginning careers as well as older people who have never used credit. It also affects divorced or widowed women who shared credit accounts that were reported only in the husband's name. If you do not know what is in your credit file, check with your local credit bureaus. Most cities have two or three credit bureaus, which are listed under "Credit" or "Credit Reporting Agencies" in the Yellow Pages. For a small fee, they will tell you what information is in your file and may give you a copy of your credit report. If you have had credit before under a different name or in a different location and it is not reported in your file, ask the credit bureau to include it. If you shared accounts with a former spouse, ask the credit bureau to list these accounts under your name as well. Although credit bureaus are not required to add new accounts to your file, many will do so for a small fee. Finally, if you presently share in the use of a credit account with your spouse, ask the creditor to report it under both names. Creditors are not required to report any account history information to credit bureaus. If a creditor does report on an account, however, and if both spouses are permitted to use the account or are contractually liable for its repayment, under the Equal Credit Opportunity Act you can require the creditor to report the information under both names. When contacting your creditor or credit bureau, do so in writing and include relevant information, such as account numbers, to help speed the process. As with all important business communications, keep a copy of what you send. If you do not have a credit history, you should begin to build one. If you have a steady income and have lived in the same area for at least a year, try applying for credit with a local business, such as a department store. Or you might borrow a small amount from your credit union or the bank where you have checking and savings accounts. A local bank or department store may approve your credit application even if you do not meet the standards of larger creditors. Before you apply for

credit, ask whether the creditor reports credit history information to credit bureaus serving your area. Most creditors do, but some do not. If possible, you should try to get credit that will be reported. This builds your credit history. If you are rejected for credit, find out why. There may be reasons other than lack of credit history. Your income may not meet the creditor's minimum requirement or you may not have worked at your current job long enough. Time may resolve such problems. You could wait for a salary increase and then reapply, or simply apply to a different creditor. However, it is best to wait at least 6 months before making each new application. Credit bureaus record each inquiry about you. Some creditors may deny your application if they think you are trying to open too many new accounts too quickly. If you still cannot get credit, you may wish to ask a person with an established credit history to act as your co-signer. Because a co-signer promises to pay if you don't, this can substantially improve your chances of getting credit. Once you have repaid the debt, try again to get credit on your own.

What Can Be Done to Improve a Bad Credit Report

You are entitled by law to correct any inaccurate information that appears in your credit bureau file. If a creditor rejects your application because of negative information in your credit bureau report, it must identify the credit bureau involved. At your request, the credit bureau must disclose the contents of your credit file. If you act within 30 days of being turned down, there is no charge for this service. Check to see whether the information in your credit report is accurate and complete. You have the right, under the Fair Credit Reporting Act, to dispute the completeness or accuracy of any information in your report. When you do so, it helps to tell the credit bureau, in writing, why you think the information is not correct. Unless your dispute is frivolous or irrelevant, the credit bureau then must reinvestigate the matter. The credit bureau must correct any information that it finds is not reported accurately. Information that cannot be verified must be deleted. If you disagree with the results of the credit bureau's reinvestigation, you may file a brief dispute statement explaining your side of the story. At your request, the credit bureau will note your dispute in future credit bureau reports. Be aware that when negative information in your report is accurate, only the passage of time can assure its removal. Credit bureaus are permitted by law to report

bankruptcies for 10 years and other negative information for 7 years. There is nothing that you (or anyone else) can do to require a credit bureau to remove accurate information from your credit file until the reporting period has expired. Don't be misled by ads aimed at people with bad credit histories, judgments, or bankruptcies. Promises to "repair" or "clean up" a bad credit history can almost never be kept.

How to Deal with Your Debts

A sudden illness or the loss of your job may make it impossible for you to pay your bills on time. Whatever your situation, if you find that you cannot make your payments, contact your creditors at once. Try to work out a modified payment plan with your creditors that reduces your payments to a more manageable level. If you have paid promptly in the past, they may be willing to work with you. Do not wait until your account is turned over to a debt collector. At that point, the creditor has given up on you. Automobile loans present special problems. Most automobile financing agreements permit your creditor to repossess your car any time that you are in default on your payments. No advance notice is required. If your car is repossessed you may have to pay the full balance due on the loan, as well as towing and storage costs, to get it back. Do not wait until you are in default. Try to solve the problem with your creditor when you realize you will not be able to meet your payments. It may be better to sell the car yourself and pay off your debt than to incur the added costs of repossession.

How to Evaluate Credit Repair Companies

If you are having trouble paying your bills, you may be tempted to turn to a company that claims to offer assistance in solving debt problems. Such businesses may offer debt consolidation loans, debt counseling, or debt reorganization plans that are "guaranteed" to stop creditors' collection efforts. Before signing up with such a business, investigate it thoroughly. Be sure you understand what services the business provides and what they will cost you. Do not rely on oral promises that do not appear in your contract. Also, check with the Better Business Bureau and your local consumer protection office. They may be able to tell you whether other consumers have registered complaints about the business. Consumers who

turn to such businesses for help sometimes encounter additional problems. For example, debt consolidation or other large short-term loans may have high hidden costs and may require your home as collateral. An unscrupulous company may misrepresent the terms of such loan agreements; if so, you could end up losing your home. Businesses offering debt counseling or reorganization may charge substantial fees or a percentage of your debts, but fail to follow through on the services they sell. Some may do little more than refer indebted consumers to a bankruptcy lawyer, who charges an additional fee. Businesses advertising voluntary debt reorganization plans or "Chapter 13" relief may fail to explain that Chapter 13 debt adjustment actually is a form of bankruptcy. To qualify for it, you must have a source of regular income and a plan for repaying your creditors that meets the approval of the bankruptcy court. Businesses that sell bankruptcy-related services may not tell you all that is involved or assist you through what can be a complex and lengthy legal process. Debt problems can be distressing, but be careful when selecting a solution. Some "solutions" may only add to your problems.

Where to Find Low-Cost Help

If you need help in dealing with your debts, you may want to contact a Consumer Credit Counseling Service (CCCS). This is a non-profit organization with more than 850 offices located in 50 states. CCCS counselors will try to arrange a repayment plan that is acceptable to you and your creditors. They will also help you set up a realistic budget and plan future expenses. These services are offered at little or no charge to you. You can find the CCCS office nearest you by checking the White Pages of your telephone directory or by calling from a touch-tone phone 1-800-388-2227 to get the telephone number. However, if you have other questions, contact:

National Foundation for Consumer Credit, Inc. 8611 Second Avenue, Suite 100
Silver Spring, Maryland 20910 (301) 589-5600

In addition, non-profit counseling programs are sometimes operated by universities, military bases, credit unions, and housing authorities. They are likely to charge little or nothing for their assistance. Or, you can check with your local bank or consumer protection office to see if it has a listing of reputable, low-cost

financial counseling services.

Where to Find More Information

The Federal Trade Commission enforces a number of federal laws involving consumer credit, including the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Fair Credit Billing Act, and the Fair Debt Collection Practices Act. It also provides free brochures explaining these laws. For these or related publications, such as Building a Better Credit Record, Women and Credit Histories, and Credit Billing Blues, write to: Public Reference, Federal Trade Commission, Washington, D.C. 20580. Although the Commission cannot solve individual problems for consumers, it can act when it sees a pattern of possible law violations develop.

If you have a complaint that may involve a violation of consumer protection law, write to: Correspondence Branch, Federal Trade Commission, Washington, D.C. 20580. fast facts

- Your credit report records your payments on credit cards, installing loans, and other credit accounts. It helps creditors predict whether you are likely to be a good credit risk.
- Be wary of ads that promise you "instant credit" or "a major credit card regardless of your lack of credit history or past credit record."
- If you are rejected for credit, find out why. You can get a free copy of your report if you request it from the credit bureau that provided it, within 30 days of being turned down.
- Check to see whether the information in your credit report is accurate and complete. You are entitled by law to correct inaccurate information that appears in your credit bureau file. Bureau of Consumer Protection Office of Consumer & Business Education (202) 326-3650

Learning How To Get Connected With Good Credit

Obtaining credit can be incredibly easy or extremely difficult. Once you have established credit, it can open doors of opportunity you never even considered being a possibility. Credit can allow you to take the dream vacation of a lifetime, drive a luxury car, dress in the latest fashions, achieve the American dream of owning your own home, or starting your very own business.

The fact is, now that society has rapidly shifted into the fast-lane of being a cash-less society, it would be almost unthinkable not to have credit. People who have the misfortune of losing their good credit rating in today's world, will most certainly immediately begin to feel like social outcasts. It is a very traumatic experience when people find out something is wrong with their credit. Millions of people have been, and will continue to be notified they now have bad credit. Many don't seem to understand how it all came about! What they do know, however, is that all of a sudden they aren't as well-off as someone who still has their good credit.

Without good credit, people soon discover it's difficult to just keep up with the no-frills, everyday existence items that are needed. Unless an individual knows how to improve, increase and repair their own credit, they will have to overcome many obstacles. Most people don't have the slightest idea of where to begin. But once you read the following "GUERRILLA TACTICS" you will learn how to quickly improve and repair your good credit starting Today!

To Put Your Plan In Motion You Must Know Who The Credit Reporting Agencies Are

Credit Bureaus are extremely powerful organizations. Going against a credit reporting agency is almost like a military encounter. Fortunately, once you're armed with the Guerrilla Tactics provided in this report, you can rise to the occasion of winning both the battle and the war! In the beginning it may appear as if Credit Bureaus have the advantage.

After all, if you are an adult living in America, the overwhelming odds are that a credit bureau somewhere knows who you are, where you live, the name of every

employer you ever worked for, how many times you applied for credit, how many times you were denied or approved, and how many time you were late in making a payment.

Similarly, it's all in a credit report that once accessed by a subscriber, will tell them whether or not you should receive additional credit. The ultimate decision is arrived at by looking at the entries in your file.

Major Credit Reporting Agencies

- 1) Chilton Creditmatch Systems, 12606 Greenville Ave., Dallas, TX 75243
- 2) CIB "Credit Bureau Inc."/EQUIFAX, P.O. Box 4091, Atlanta, GA 30302
- 3) Pinger Systems/Associated Credit Services Inc., 652 E. North Belt, Ste. #400, Houston, TX 77060
- 4) TRW Credit Information, 505 City Parkway West, Orange, CA 92667

To Achieve Your Credit Goals, You Have To Obtain Your Credit Report And Then Attach With Precision!

There are approximately 5,000 credit reporting and collection agencies operating in the United States today. If a credit problem exists it may or may not be brought to your attention. For example, damaging inquiries and variations may appear in your file without your knowledge. However, if you apply for credit and there is a problem whereby you were rejected, you would be notified by the lender and told that the credit application denial was the result of a credit bureau report. If you either know or suspect you have a credit problem, there is no way to know what you are up against unless you get a copy of your credit report. This is where any major roadblock to getting credit will surface.

Even before you attempt to obtain or increase credit lines, you should first obtain all credit reports that are available on you. You can accomplish that by calling for one or more of the credit bureaus listed and asking for your credit report. There may be a small fee for this service. However, if your application for credit is denied by a creditor, then you can receive a credit report at no charge from the credit reporting agency.

We recommend that you do not wait until a credit card company, bank, or other

lender denies your application for credit, before you obtain the report. Even if you don't suspect a problem, you should get a credit report on yourself just to identify any false or incorrect information that has been entered into your file. Damaging computer errors, human entry errors, incorrect social security numbers, addresses, employers, and income errors happen all the time. At the very least, you should make certain you haven't become the victim of computer error.

Accelerating Your Credit Approval By Matching & Controlling Connections

Bankers and lenders in a certain geographic area usually turn to one credit reporting agency. There are many, however, that subscribe to more than one. That can work in your favor because in many cases your complete credit history may never be accessed by a credit bureau located in another area. Your credit file could list multiple damaging information in one credit report, but never show up in another! By obtaining your credit reports in advance, you will know which lender to approach for credit. All you have to do is ask!

How To Activate A Banker's Desire To Force Money Into Your Hands!

By applying for credit through a bank or other lender that subscribes to a credit reporting agency outside the area, there's every reason to believe that some damaging information will not appear in your file. Remember, the only way bankers and lenders can survive is to extend credit to consumers. By taking steps to sidestep one credit report that has negative entries, and taking advantage of another that show you as a good credit risk, creditors will practically force hard cash into your hand.

Here's how:

- 1) Obtain a credit report from one of the credit bureaus to determine if there are damaging entries that might cause your credit application to be denied.
- 2) Call several banks or other lenders and ask the receptionist, etc., which credit bureau they use in their application approval process. If the individual tells you they don't know, ask them to find out.
- 3) Select a bank or lender that subscribes to a credit reporting agency other than the one typically used in the area.

- 4) Obtain a credit report from the credit reporting agency that your selected lender uses.
- 5) Repeat step number 4 until you find a report that is favorable to your and shows the least negative entries.
- 6) The only thing left for you to do is apply with that bank, lender, or other creditor that subscribes to the credit bureau that has a credit report the most favorable to you.

Bulldog Tactics So Powerful They're Devilish!

When you receive your credit report, write down every piece of information that is inaccurate or untrue. Even if an entry is partially true, you may still want to dispute it. Especially if your credit report will be improved as a result. Read all of the instructions on the back of your credit report very carefully. Symbols may be used for much of the information entered and you will have to understand each one. It's easy to become confused but a number you can call if you have a question will be provided.

Here are steps you can take to have damaging entries removed from your credit report:

- 1) Make a list of inaccurate or untrue entries that you find in your credit report.
- 2) Call the credit bureau and tell the appropriate person that you want to dispute an entry you have noted on your credit report.
- 3) Don't allow any credit bureau employee to talk you out of proceeding with your appeal. To avoid a distracting confrontation, don't even tell them you want to challenge. They won't initiate any action on your behalf anyway until they receive your appeal request in writing.
- 4) To initiate the proper appeal procedure, ask the person you speak with to send you a "Dispute Form."
- 5) Complete the "Dispute Form" and return it to the credit bureau by certified mail.
- 6) When the credit bureau receives your written dispute request they will then attempt to verify the dispute you have indicated with

the bank, lender, or creditor responsible for having the damaging information listed.

7) You will be notified of their decision within 30-45 days.

This technique will work for you to eliminate negative entries from your credit report for one of two reasons:

1) Most creditors don't hang on to old files. They either place them in storage or throw them out. That means they won't be able to easily verify your dispute, if at all!

2) Many other past creditors simply don't care to waste their time verifying the accuracy of a credit report that isn't relevant to making money right here and now!

That is the basis of why credit repair clinics were so successful when they came on the scene. They knew from experience that by creating a flood of challenges directly to a credit bureau, sooner or later creditors who continually received inquiries would become frustrated and simply not respond. They also knew that if the credit bureau didn't receive a response from the creditor they mailed an inquiry to, on your behalf, within 30 days, the damaging remark by law had to be removed. Thus, a cleaned-up credit report.

Beware Of Double-Trouble Credit Repair Clinics

"Credit Counseling" and "Commercial Counseling" services are two completely different things. Before you sign any papers that end up causing you even more financial harm, you better know who you are dealing with! Whereas credit counseling services are generally non-profit, commercial counseling services (clinics) may charge you 10%-15% or more of your total debt. Meanwhile, the services provided by the non-profit agency is basically the same.

"Grand-Slam Success" Doesn't Happen By Accident!

Just about everyone at one time or another has experienced some kind of problem with their cash flow. that's when it became difficult to pay the monthly bills and keep up with credit obligations. When that happens, damaging information may begin to appear in your credit file, and bad times can become even worse. For

many people it becomes difficult, if not impossible to obtain any further credit, just when there is a desperate need for it.

Unfortunately, banks, lenders, and other creditors do not extend credit on the basis of need. Credit can swiftly be taken away from anyone who cannot demonstrate they are a good credit risk. Most people can be successful in overcoming credit rejections that have resulted due to damaging information showing up on a credit report. The problem that most people run into, is that they become desperate and will resort to anything and anyone that comes along with false promises. Then they find themselves in deeper trouble because they've handed out more money they don't have, to a crook who gives them nothing in return.

Giving yourself a grand-slam, clean-credit slate doesn't happen by accident. There are a number of techniques and methods that can be utilized to create or restore a good credit record. The following information is being provided to you on the basis that it has been successfully used by others. None of the information is being recommended as techniques you should use. If you decide to use any of the information contained in this report, it is recommended that you first consult with an attorney to obtain legal advice.

Tactics & Techniques That Make Collection Agencies Beg For Mercy!

The "Get-Off-My-Back" Wage Earner Plan! Using Federal Bankruptcy Act, Chapter XIII - Wage Earner Plan, you can file for immediate relief from unmerciful creditors and collection agencies. To be eligible, your monthly bills must exceed your income, and your major income must be earned from a salary or commission. You can file for the Wage Earner Relief Plan simply by contacting your attorney or the U.S. District Court nearest you. Ask to speak to the person who administers the plan.

Generally within three days of filing, a restraining order will be issued to all of your creditors. Which Will:

- 1) Stop creditors, collection agencies, lenders, or anyone else who has been notified from contacting or harassing you any further.
- 2) Immediately stop all action against you that had been initiated by creditor.
(Note: For this relief plan to work, it must be accepted by a majority of your

creditors. If the majority agrees to the plan, all others must comply.

3) Immediately stop interest and late charges from accumulating any further.

You Can Seek Injunctive Relief That Forces Credit Bureaus To Stop Reporting Negative Credit Information From Your File!

"Injunctive Relief" is an effective legal maneuver that can permanently remove damaging information from your credit report. You will, however, probably require the services of an attorney. This is how it works! If you can clearly demonstrate that information appearing in your credit report is inaccurate and is damaging your character, credibility, or ability to obtain credit, you can seek Injunctive Relief through the courts.

Once relief is granted, a Judge can order a Credit Bureau to immediately stop reporting any damaging information appearing in your credit report as outlined in the order, until such time as a trial or investigation is conducted. After you, or your attorney, succeed in persuading a Judge to issue an order for Injunctive Relief, you will have from that moment on until the conclusion of a trial or investigation, to obtain new credit.

The "Here's Johnny!" Change Of Address Method

Here is another way you can eliminate damaging entries from your credit report:

1) You can magically appear in a completely different part of the country from where you really live, simply by creating a new address for yourself. Just ask a friend or relative to receive your mail at their address and have everything forwarded to that address. The further away, the better. If you don't know anyone that lives well out of the area, rent a mail drop location. All of your mail will be forwarded by the mail drop to any address you like.

2) After you have established a new address, you can request a credit report from the bureau that services that particular area. Apply with lenders that use this bureau. What you will generally find is that the credit bureau you are now dealing with will have a limited ability to verify negative items appearing elsewhere.

Check Bankruptcy Off Your Credit File, By Checking It Out!

The following method of manipulation works (according to some who have used it) when combined with the precious "change of address" method. Just follow these next five steps:

- 1) Discuss the technique with an attorney who is willing to help.
- 2) Because bankruptcy is overseen by federal courts, bankruptcy files are kept in the federal archives.
- 3) Before you apply for credit have your attorney request to have your file "checked-out" from the federal archives.
- 4) Using your out-of-state address as described in the previous "change of address" method, follow the normal procedure used for appealing any damaging information appearing on your credit report.
- 5) As long as your attorney has your bankruptcy file, a credit reporting agency will not be able to verify its contents. If they cannot make verifications within 30 days, they must remove the damaging information from your credit report. Because credit bureaus can request an extension, your attorney may have to repeat the process several times. It becomes a question of who will tire first. According to those-in-the-know, it's usually the credit bureau.

Tell Your Side Of The Story And "Smash" Damaging Entries

Another way to challenge and neutralize entries that appear on your credit report is by taking advantage of the "100-Word Consumer Statement." This method allows you to tell everyone who obtains your report your side of the story. A simple statement may be all it takes to convince a bank, lender or other creditor that a negative piece of information that is appearing in your file, was nothing more than an unfortunate incident that couldn't be prevented at the time.

For example, you have been laid-off with hundreds of other workers and suddenly found yourself out of work. By telling your side of the story, a lender will understand why you had problems paying off your credit obligations. Be certain to be sincere, honest, and not too wordy. Never express anger or hatred. Allow creditors to give you the benefit-of-a-doubt, and the credit you deserve. Ask the credit bureau about placing a 100-word consumer statement into your file.

How To Remove A Judgment Through A "Motion To Vacate"

People have reportedly removed damaging entries (such as judgments) from their credit files by using the following method:

- 1) Hire an attorney who is willing to help you with your goal of having damaging entries removed from your credit file.
- 2) Ask your attorney to file a motion of Service of Process for the purpose of having a damaging judgment entry removed from your credit file. It may be a weak argument for sure, but in this motion, your attorney will argue that the process was served improperly. People have reported that this technique will ultimately work in your favor.
- 3) By filing a motion of "Service of Process" you are forcing a creditor to appear in court with an attorney to prove the initial legal process was done properly.
- 4) This legal maneuver works in your favor because, if the lender responsible for the judgment (for example) has been paid, why would he even want to go through the time and expense of showing up?
- 5) If you show up and the creditor doesn't, you will win your case through default. Then you will have the legal ammunition necessary to have the damaging judgment information removed from your credit file.

How To Unconditionally Force Credit Bureaus To Quickly Give You The Advantage By Placing Positive Information Into Your Credit Report

According to Federal Laws enforced by the Federal Trade Commission (FTC), if a credit report results in a debtor's application for credit being denied, that person has the right to add information that will show a more positive credit history. All you have to do is contact the credit bureau of your choice and ask them to contact a list of banks, lenders, or other creditors whose names you will provide, for the purpose of having the credit information they provide on you added to your credit file. There may be a small fee, but the good news is that you will practically be able to force a credit reporting agency to improve the substance of your file by putting positive entries on your credit report.

The only businesses you should list are those with whom you have had a flawless credit relationship with. Contact the people on your list and let them know a credit

reporting agency will be calling or send them a questionnaire. After information has been received and verified, the bureau can add positive items to your credit report.

The Equal Credit Opportunity Act & Women

Under the Equal Credit Opportunity Act, women have the right to build up their own credit without being discriminated against. Women who do not apply for credit in their own names are at a distinct disadvantage. In the event of a divorce or death of a mate, there wouldn't be a credit history reflecting any personal contributions. Under the Equal Credit Opportunity Act there is not reason for women to lose their identity when they are married. You can become familiar with all of your rights as a woman by writing to the following address and asking for your FREE copy of "WOMEN & CREDIT HISTORIES." Federal Trade Commission Washington, DC 20580 ATTN: Women & Credit Histories FREE BROCHURE

Yes! One of the best explanations of that is the following article written by Jayson Orvis, Attorney At Law:

"Credit Repair" has not been kind to the American consumer. In fact, the phrase is synonymous with fraud. This is the stigma we face as we offer a membership wherein the client is offered an alternative to "credit prison." Because the nasty reputation of credit repair sometimes washes over into our space, we are often called upon to defend the ethics of our service.

Despite the disrepute which taints credit improvement, our service is clearly analogous to the service provided by a defense attorney. The credit report is no more than an allegation. Unfortunately, most citizens never challenge that

allegation. By enlisting the Law Offices through N.A.C.A. to their defense, our clients employ us to enter a plea of "not guilty." We take an affirmative defense; we offer a reasonable alibi and leave it to the bureaus to substantiate their allegation. If the bureau claims to have investigated and affirmed the allegation, we appeal the decision. Eventually, we find that most credit report allegations are at some point untenable and are removed.

Removing record of a negative credit account, which did actually exist, is undoubtedly ethically sound. We belong to a fundamentally capitalistic civilization and the credit bureaus capitalize on consumer information. Unlike our legal system, the bureaus take no oath to truth, equity and the common good. No American has the moral obligation to support any business venture or corporation, much less a corporation which may well destroy their financial life. The information tended by the credit bureaus is ethically "up for grabs."

The credit bureaus would maintain every piece of credit information forever if it weren't for federal law which has directed them to remove most items after seven years. In essence, the credit bureaus themselves practice credit repair, basically at the seven year mark. If it is right to remove accurate credit accounts after seven years, why would it be wrong to do so in less time?

In relationship to the consumer, the credit bureaus do not concern themselves with the impact of the information. This information often misrepresents the credit worthiness of the consumer. By tagging good citizens as "deadbeats" the bureaus damage the creditors, the economy and, most importantly, the individual. Several policies and techniques employed by the credit bureaus appear most abusive to the American consumer; these we cite as justification of our opposition to the present credit reporting system.

Seven years (10 years for bankruptcy and some court accounts) credit bondage punishes the debtor unjustly. At no point have the credit bureaus ever conducted a study determining seven years to be the point of deadbeat rejuvenation. The seven year mark is entirely arbitrarily. In fact, Dr. Bonnie Gution, adviser to President Bush on consumer affairs, remarked, "...it is our understanding that computer models that predict credit worthiness find most information that is more than two years old nonessential." Based on experience with our clientele, seven years is truly too long. Within a year or two, most consumers completely recover from an

economic crisis. For the remaining five or six years, they are left hobbled---forced to rent homes, pay outrageous interest on high risk auto loans, forgo the convenience of credit cards and pay cash for every expenditure. By expelling the consumer from the credit loop, the economy suffers. Our clients come to us on the financial upswing. If they can afford our membership, they are most likely on the way back to financial abundance. These are consumers fully recovered from crisis, re-engaged to financial responsibility and anxious to reenter the credit economy. For them, we offer a deserved parole from the credit prison which they entered as their financial world fell apart.

The credit bureaus have not been able to maintain reasonable accuracy in their credit profiles. The bureaus claim an error ratio under 1 percent. In reality, studies conducted by neutral third parties have determined the credit report error ratio to be closer to 40 percent. Unfortunately for the consumer, the credit bureaus choose to err on the side of negative information. As our clients' files have passed through our offices, we have noticed a high incidence of file mergers---the worst kind of file error. In a file merger, the credit of another person with a similar name is spread onto the file of the innocent bystander. Oddly, the credit bureaus fiercely resist correction of these obvious errors. We have found the only way to prompt them to revision is through a lawsuit.

Credit reporting makes up only a small portion of the revenue which the bureaus claim each year. The databases really pay off in the sales of information. From generic target marketing lists to invasive personal investigative inquiries, the bureaus cull a pool of information larger than any in the civilized world. The end loser is the consumer who values his privacy. The horror stories keep coming about individuals whose jobs have been lost, insurance cancelled, reputation ruined by sloppy collection and dissemination of personal information. This does not include the mass irritation experienced by consumers forced to wade through the reams of junk mail. Privacy is a thing of the past---and the blame can be firmly placed on the credit bureaus.

America is not the only country in the world whose economy utilizes consumer credit. Other countries, such as Great Britain, extend credit based on the individual's present credit standing. a grand-scale revision of the credit reporting system in the United States would not throw our economy into chaos and distress.

Until that day, we should feel comfortable that the removal of negative credit accounts before the seven year mark isn't unpatriotic, it's not unfair and it's not unethical.

The Fair Credit Reporting Act of 1971

- (a) Gives you the right to know what information is held about you, without charge, if you have been denied credit within the last 60 days.
- (b) You have the right to receive a report of who has seen your credit file for the last six months, and who has seen it for employment purposes for the last two years.
- (c) You have the right to have information you dispute verified and corrected or removed if inaccurate or unverifiable, and to have an updated report sent to creditors, who have seen your report in the last six months, with the corrected information.
- (d) You have the right to place a 100 word statement, if negative information is verified and not removed, stating your side of the story.
- (e) You have the right not to have adverse, negative information on your credit report for more than seven years, ten years with bankruptcy, under the law.

New Legislation - Consumer Credit Reporting Reform Act of 1996

Late in 1996, Congress passed amendments to the Fair Credit Reporting Act. This legislation was put together by Congressman Joe Kennedy, Charles Schumer, Esteban Torres and Senator Richard Bryan. Several consumer groups were involved as well. (U.S. Public Interest Research Group, Consumers Union, and Bankcard Holders of America). The new bill is called the Consumer Credit Reporting Reform Act of 1996. Most of the provisions are effective October 1, 1997. Here is a summary of those new provisions:

- (a) Credit bureaus must promptly investigate disputed items, usually within 30

days, and within 5 days after the investigation send the consumer a revised copy of their credit report with corrections. The Credit bureaus must report and share corrections with other bureaus.

(b) Credit bureaus cannot reinsert deleted information unless that information has been certified by the creditor. If the information furnished is certified, the Credit bureau must notify the consumer with the name, address and phone number of the creditor. The Credit bureau must allow the consumer to add an explanatory statement to any remark on the credit report.

(c) Anyone who supplies information to a Credit bureau cannot provide information they consciously know is inaccurate. If a mistake is brought to the attention of a creditor, they must promptly correct it and the correction must be reported to all Credit bureaus. If a Creditor investigates a dispute and finds it correct, they must report it as being disputed by the consumer.

(d) Credit reports are free for those who are unemployed, on public assistance and fraud victims. Credit reports are free if you have been turned down for credit or insurance in the past 60 days based on information in your credit report. A copy of your credit report outside of the previously mentioned circumstances are \$8.00.

(e) A creditor must report an account as closed when a consumer closes his account.

(f) If an employer wants to review an employee's credit report, or a prospective employee, they first must get written permission from the person they want to review. If adverse action is taken against the employee because of information obtained from the report, the employer must provide the employee a copy of the credit report and a description of their credit rights.

(g) Consumers who request their report must be shown the full trade name of anyone who has requested their credit report in the past year (two years if inquiry made by employers). If requested the Credit bureau must give the names, addresses and phone numbers of those companies that made an inquiry. Prescreening cannot be shown to anyone but the consumer.

(h) Credit reporting agencies must offer toll-free numbers to anyone wishing to be removed from lists allowing prescreening of their credit report. The bureaus must share requests with other bureaus concerning consumers wanting to be removed

from prescreening.

(i) Insurance or credit companies that use prescreening to pre-approve customers must make a FIRM offer of credit to anyone who meets the initial prescreening offer. Unless something has changed since they prescreened your credit, creditors must follow through on a pre-approval offer.

(j) If you have charged off debts the time period of seven years is the maximum time allowed on your credit report. Unlike the past, the reporting period for collection, and profit and loss does not start when the creditor gets around to reporting it, often that was a year later. The reporting period will start 180 days after the payment should have been made.

(k) One of the most interesting provisions is that lenders may show consumers their credit report if they have taken adverse action based on information in the report. This does away with the hide and retreat tactic that a lot of lenders used to use before.



Sometimes, the formal and legal declaration of personal bankruptcy is the best way to go when you're "snowed under" with bills, and you just can't see your way clear to survive. Actually, bankruptcy allows you to make a fresh start. Generally, it takes only a small amount of money, a careful evaluation of your assets and your liabilities.

In many cases, a lawyer is not necessary. If you have very few assets, mountains of debt, and not enough income to meet your obligations, then your best bet is almost always the filing of straight bankruptcy. What you'll need is the proper forms "S3010 Bankruptcy forms, for an Individual Not Engaged In Business." These can be purchased from any full-line office supply store, especially in an area serving attorneys' offices. You'll need to know which district you live in for Federal Court purposes - so look in the white pages of your telephone book under

U.S. Government - Courts - and take down the address of the nearest U.S. District Court. Check it out to be sure that your residence is in this court's jurisdiction. You then fill out the forms you purchased, listing all of your creditors - those with priority being listed first - meaning those who have extended credit to you against some sort of security or collateral, followed by those who have extended credit to you on just your signature or reputation.

You must be sure to list all of your creditors because any that you fail to list, will be able to sue you and collect even after the bankruptcy has been adjudicated. At the same time, be sure to include the names of anyone and everyone you may have co-signed a note or a loan for, as well as anyone who may have co-signed for you. The laws governing personal bankruptcy vary in all states, but generally, a bankruptcy judgment will not take away the house you live in, basic home furnishings, a car that's necessary towards your gainful employment, nor the tools of your trade. Check these things out to be sure against the list of items regarded as the necessities of life by your state.

When you've got all the forms filled out, and notarized, you take them to the Clerk of the U.S. District Court in your jurisdiction. You pay the clerk \$50, and from there, you're home free. The clerk notifies your creditors, and reminds them that being as you've filed bankruptcy papers, they cannot bother you about your debts anymore. However, they are invited to your hearing. Usually they don't show up, because by that time, you have very few, if any, non-exempt assets left that they are really interested in. But, whatever assets you do have that are nonexempt, will be sold by the Court to appease your creditors. Any money realized from these sales is then added to the total amount of money you may have turned over to the court at the time of your filing, and divided equally amongst your creditors according to priorities. After all of this has taken place, and usually about 3 months after you've been adjudged bankrupt, you can start all over again to incur debt, pay bills and establish a new credit rating. However , you should be especially careful about talking with your old creditors because they may attempt to maneuver you into signing a "reaffirmation" of your old debt. The thing to do is to be sure that you carefully read anything you affix your signature to, and don't agree to pay on any debt that has already been discharged through your bankruptcy!

In some bankruptcy filings, it is definitely advantageous to hire an attorney to represent you. This is especially true for people who have assets such as real estate they want to protect, and/or people who have been operating home-based businesses or been accused of fraud. Remember this, if you decide to process your bankruptcy without a lawyer, then it is your responsibility to fill out all the necessary forms accurately and completely, and every bit as precisely as if you had paid an attorney to do it for you. Leaving out a creditor's name or address or forgetting a loan that you co-signed for, will surely bring on litigation against you even after your bankruptcy has been adjudicated. Be sure you understand all the papers, ask the Court Clerk for advice, and if you run into problems, then take it in to an attorney.

Besides the regular bankruptcy laws, there's also a little-known and little-used method of getting reorganized with your debt, particularly when you've got a steady job and just need more time to straighten your indebtedness out. This is the wage-earner's provisions of Chapter XIII of the Federal Bankruptcy laws. Basically, these provisions allow you to make new arrangements with your creditors and pay off all your debts over a new 3-year period of time. When you filed for indebtedness relief under the provisions of this law, nothing is recorded permanently on your credit record. You get to keep all your assets, but you must pay off all your debts.

But, so long as the Court grants you relief under these provisions, and you pay your creditors according to the repayment schedule agreed upon by the Court, your creditors cannot bother you. Even if they have begun a suit against you, once the Court has given you relief, they cannot touch you! Once you've filed under these provisions, your creditors are immediately restricted from even contacting you, and get only what the referee or trustee doles out to them. Often-times, if a creditor threatens to sue you, the most effective thing you can do is to tell him frankly that if he sues you, you'll have no other alternative except to file bankruptcy papers. In many instances, this will cause him to take a second look and to do whatever he can to assist you in paying him the money you owe, but over a longer period of time, and at smaller monthly payments.

The absolute bottom line is that your creditors know only too well that if you do file for bankruptcy, their chances of receiving even half of what you owe is

practically nil. Thus, it's in their best interest to do everything they can to help you to continue making payments on the amount you owe, regardless of how small those payments may be. When a creditor does sue you, and gets a judgment against you, he can then get a court order directing the sheriff to seize your personal property and sell it, with all monies realized going to the creditor to satisfy your debt. When they see this about to happen, many people connive to make themselves "judgment proof." In other words, they hide their assets or move them out-of-state before the sheriff or Marshall arrives. This is illegal, but is done as often as not. Many creditors will attempt to "garnishee" your wages.

This is done by getting a court order directing your employer to set aside part of your wages or salary every pay period and turn it over to him. First, of course, he has to find out where you work; and even then, in most states, there are limits set relative to how much a creditor can garnishee for your wages. If you have no job, and no visible assets, or you live in a state where your wages cannot be garnisheed, your creditors actually have very few ways of ever collecting from you. Many techniques used by creditors and collection agencies are illegal.

A creditor or agency can write letters to you; call you once a day in quest of a payment; and even knock on your door to ask about a payment. but he is forbidden by law to harass you or invade your privacy, or use deceptive means to get you to pay your bills. He cannot use foul and abusive language over the telephone, tell anyone besides you the reason for his phone call, inconvenience you or in any way threaten your job or your reputation in the neighborhood where you live. Still, the best idea for reorganization and settlement of your debts when you find yourself in an untenable position, is in-person visits and explanations of your situation with your creditors, and a desire to explore other possible ways of mutual satisfaction without involving collection agencies or bankruptcy.

Give it a try - it's a lot easier than most people realize.

It is important to select the right bank. Do NOT choose any bank -- be fussy! There are two main objectives to seek when searching for a new bank.

- 1) Find a bank that is aggressively seeking new business.
- 2) Choose one with which you can develop a personal relationship. To select a bank that is aggressive, simply watch for extended advertising campaigns. They are very costly, and must bring in new business in order to be continued. Look also for smaller banks, ones with just a few offices. They tend to be more aggressive, more lenient on qualifications, much friendlier and more personalized in the service they offer. They are forced by nature of their competition to be more flexible. With the small, independent bank, you will get friendly service, and often will be called by name. The tellers remember you and do not need to request your identification every time you want to cash a check.

Small banks do not have a large loan committee that spends lots of time shuffling papers. They may however, stall your loan application for a day or so in order not to appear too anxious! Its a minor issue...and not one to be overly concerned about. Big banks seem to have forgotten that the customer is number one. You will be far more pleased with your small bank and your personalized service when it comes to getting loans and other services for your own business.

If you've been wanting to get into something that doesn't require all of your time, yet could give you an income of \$100,000 per year or more, a Business Financing Service is definitely something you should consider. This is the kind of business that requires no special education or even a storefront office; won't take much of your time, yet offers more prestige, power and fast earning potential than just about any business opportunity available to the ordinary working person. The average net profit of people in this kind of business is \$75,000 per year, before

taxes. Most began on a part-time basis, operating out of their homes. Within a short period of time, varying with expenditure of time and effort, most have luxurious professional office suites with many clients from all over the country calling and asking for help. Perhaps best of all, this is a business you can operate with nothing more than a part-time secretary/bookkeeper, a telephone, and business cards. There are many facets of this kind of business, which involve bringing lenders and borrowers together for venture capital, operating capital, expansion capital, and of course, mortgages of all kinds. Concerning mortgages, look at it from this point of view: Almost every building in the country - homes, office buildings, factories, apartments - has a mortgage on it, and somebody is making some really big commissions bringing together the people wanting the money and the people wanting to lend the money. A business financing or money brokerage business is the ideal sideline business for real estate brokers, sales persons involved in business sales, investment brokers, attorneys, accountants, and retirees from almost any occupation. This is definitely one of the truly recession-proof businesses that actually seems to flourish in times of tight money.

Your Potential Market:

Each year, more than 10 million business loan applications are filed with the banks in this country. It is not uncommon for these banks to be working on more than 250,000 business loans each week, in amounts ranging from \$25,000 to well over a million dollars. About 65 percent of the loans actually granted by the banks are short-term commercial loans; only about 25 percent are for longer terms, with fewer than ten percent granted for construction projects. It should then be obvious that the banks in this country are neither speedy nor generous in giving loans to the beginning or small business entrepreneur. Such business people usually ask for loans of longer duration than the banks are willing to grant. It is easy to see that in a beginning business, smaller installment payments will reduce pressure on the borrower, and allow him to put more of the profits back into the business. In most cases, these small business owners need much more than the banks are willing to allow without all kinds of guaranteed collateral. And that, of course, is the reason why people needing money for their business success turn to business financing consultants, which provides you the opportunity for success in this field. You'll find that beginning or small business persons are always on the lookout for

professional business financing services. They always seem to need more money than they have available, and they never seem to get quite the help or satisfaction they seek from the banks. The pressing need for more capital is not something that plagues only the beginning or new business. It is an ongoing need in almost every growing business also. In fact, the need for a continuing input of new money is a necessary part of the growth cycle of every business. Generally, the "little guy" just doesn't have the extra cash from last year; he does not have the money it takes to set up a stock market program; and he doesn't have the time to devote to (or he doesn't want to attempt to "sell" his friends) an investment program in his business. Sometimes these small business people will talk with their accountants, lawyers or stockbrokers and ask them to help in finding people with money to invest. Most accountants, lawyers and stockbrokers are in touch with clients who have money they are willing to invest in growing businesses, or people with "sure-fire" money-making ideas. Whether these professional people do or do not have special clients with money to invest in special "deals" is of no consequence. The important thing is that these people are always being asked by someone if they know of a source of money, or if they know of someone who can locate an investor for them. With this in mind, and once you're set up in business, it will behoove you to contact these people - the accountants, lawyers, and stockbrokers in your area - to get to know as many of them as you can, and to leave your business card, so they will be aware of your services.

The Services You'll Provide:

Generally, the money broker or person operating a business financing service will work with his or her clients in putting the loan application package together in such a way that it will receive favorable consideration by the lender. You'll have the names, addresses and telephone numbers of lenders from all over the world, people and firms interested in investing in all kinds of different business ideas and for virtually any amount of money. When you have a complete loan application ready for presentation, you'll select the lenders or firms interested in that kind of business or investment. Either send or present the loan application package to them. One thing is most important: When you present a loan application package to a lender, be sure to have the date and time of your presentation certified by a

notary public. When you send a loan application to a lender, be sure to certify the mailing of your package with the Post Office. Once you "open your doors" for business, there will be no shortage of people coming to you for their money needs. The problem will be electing just the requests you know, logically, stand a reasonable chance of approval. Everybody wants and needs money; once you announce that you can get loans for people who need them, you will be overwhelmed with requests. It will be up to you to utilize your time, expertise, and effort according to the greatest profit potential.

Setting Up Your Business

You can start from the kitchen table in your home if necessary. You'll need a telephone and unless you have someone to act as a secretary, you should employ a telephone answering service. You can probably get by with a telephone answering machine, but because you're dealing with money, it's important that you project an image of success (and a telephone answering machine quickly identifies you as being a one- person operation). In addition to a telephone, you will also need business cards. These, of course, should be of a fine quality (this is not a very large expenditure). They, should simply state your name, followed by the name of your services - Business Financial Services. You may list your phone number in the upper left-hand corner, something such as "Money for Every Need" in the lower right-hand corner, and of course your name and firm name centered in the middle. Assuming you are working out of your home, once you have moved into an office, you would certainly want to make new cards showing your business address. It wouldn't hurt to have a calculator, a computer, and at least a small file cabinet as you set up your business. But just as people got along before without these amenities, you can make do until you can afford this equipment. Once you are organized in a work area and with the basics for operating your business, the next move will be to get the word out that you're ready to offer your services to people needing money, and for people who are willing to invest. This means advertising, visiting, making contact in some way with both the people needing money, and those wanting to realize a profit in the process of lending their money. And don't forget - often those who do not go with you for one reason or another may supply you with fine referrals. The more you advertise and talk to people about your services, the more successful your business is going to be. So first of

all, we suggest you run an ad in the classified section of your local newspapers. It might read like this:

MONEY AVAILABLE! Business start-ups, expansion needs, construction loans, cash-flow problems. Call 123-4567.

You should run such an advertisement in as many of your area papers as you can afford, every day, for at least a month. This means that you'll have to have an advertising budget, with the money either coming in (or available) to meet these costs before you even contract to run your first ad. (This is part of the necessary planning that has to be done before you actually open for business.) At the same time you're running the ad inviting people to come to you for their money needs, you should also be running a daily ad such as this one:

\$350,000 NEEDED! Will pay maximum interest. Growing business, excellent profits and tax benefits. Call 123-4567.

Now the purpose of the first ad is to build your list of people wanting money - needing loans that you can process. The purpose of the second ad is to build your list of investors in your area with money to put into some of these business proposals you get from the first ad. Obviously, you'll get more people wanting to borrow money than people with money to invest; but once you begin running these two advertisements, you'll be on your way. When you place your first ads, start checking and following up on similar ads you see running in your area newspapers. Usually, they will be listed under "Financial Loans Wanted," or "Money to Loan." However, don't neglect to check the "Business Opportunities Wanted" classification as well. When someone calls in response to your "Money Available" advertisement, who ever is acting as your secretary should get the name of the caller, the name of the business, the telephone number, amount of money needed, kind of business, and most appropriate time for a consultation. This can be handled most efficiently with preprinted telephone message pads. So you simply collect information from all these incoming calls, look it all over and start making your call-backs. Basically, your call-back conversation should sound something like this: "Hello, John Jones? This is Mr. Money Broker returning your call about money for business financing. I understand that you're looking for about \$100,000 in order to set up an auto tune-up shop. You stated that you are already pretty well organized with a business plan and location, and that you feel you have

pretty good collateral. That's very good. Before we talk any further, however, I'd like to tell you a little about our company. "We represent a number of large lending organizations for business financing, as well as a number of private investors who are looking for new ideas and businesses to invest in. Their primary requirement, of course, is that they be assured of getting their money back, but further that they will make money from such an investment. "What I do is work with you in preparing your loan or investment package so that it will be attractive when it is presented to prospective lenders. It is very important that your proposal be complete and in the proper order. It is also of the greatest importance that it "look good," and "sell" the people it is taken to. The prospective lender must feel confident in granting you a loan or investing in your business. Once we've got your presentation together, I then take it to some of my lending or investment sources and work toward obtaining you the money you need. "As I'm sure you're already aware, it's most important that your proposal be prepared properly, and presented to the people who are in a position to give you the money you're asking for. I work with you to see that your proposal is the best my people have ever seen, and then I take it to the people who have the money and are looking for a good investment. For this, I require a \$100 broker's retainer fee. I then go to work on your specific money needs. What we need to do now is set up a time and date for me to meet with you so that I may review your proposal. Would tomorrow morning at 10:00 be all right with you, or would 11:00 be better?" The important thing is to be in control of this telephone conversation; to tell the prospect only what you want him to think about; and to sell him on the idea of getting on with it by paying the broker's retainer fee of \$100. Only after you have collected that, of course, you will start to work on evaluating his plan and getting him the money he needs. When you go to see your prospect, you'll need to have a printed "broker's agreement" ready for him to sign at the time he pays the retainer fee. An example of a basic or simple broker's agreement is shown here. (Feel free to use the following form as a pattern for your own agreement, or you may even want to cut it out, paste it up, and have your printer run off a supply for you. If you do cut out and use the form, you will of course place your business name, address and telephone number in the space "Your Name and Address" at the top. Also, be sure to block out the instructions on the signature lines.

YOUR NAME AND ADDRESS

AGREEMENT FOR FINANCIAL SERVICE

The undersigned, (Borrower's Name) , hereby appoints (Your Name) as his Agent, and authorized him to submit to lenders financial data and information supplied by the borrower for the purpose of the lender making a loan or investment direct to the undersigned.

The undersigned agrees to pay to (Your Name) a fee of % of the amount of the loan or investment obtained. The undersigned hereby pays to (Your Name) \$ as a non-returnable fee for time involved in appraising feasibility of the loan requested.

This fee is separate from any other fees due if loan is obtained.

Date _____

Borrower _____

Once you are organized and rolling, you'll find that most of your day-to-day income will be derived from the packaging of loan applications. Once your client has signed the broker's agreement and given you his check for the retainer fee, you'll be helping him to get his loan or investment proposal together. This is the first thing to do, and you HAVE to do this regardless of any forms your client has already filled out, or anything he may have done relative to a loan proposal. First give your client a detailed list of information he'll need to have within his loan or investment package. Because requirements do change from time to time, you will want to give your client the most up-to-date requirements in this regard.

Go to several of the banks in your area and ask their loan officers for a copy of their loan application forms. Use these forms as your guide in making up the detailed list of requirements you will use in working with your client. If you need additional assistance, write one of the several organizations listed at the end of this report. When you have the package put together and ready for presentation to a lender, take it back to your client and brief him on how to present it to prospective lenders, and generally you would give him the names and addresses of the people you feel will be most likely to listen to his presentation. He makes the presentation to the local prospects, and contacts your other possible sources by mail. If he needs further help from you, you would charge him a per-hour counseling fee, plus consulting charge for any special or extra time spent working with him.

Overall, you should position yourself and your service to the client in order to collect a "finder's fee" of 1/2% to 10% of the amount of money actually loaned to or invested in his business. A flat fee of \$100 to \$250 as a broker's retainer fee for helping him with his loan presentation when he does most of the work - an outright fee of 1% for the total preparation of his presentation package - and a consultant's fee of \$50 to \$100 per hour for any additional time expended on the project. These are your "bread butter" services that will establish you as a professional, and keep you in business until you score with a big commission from perhaps a million dollar loan.

You have to involve yourself in these services, because they'll make the difference between your going broke or really succeeding in the money brokering industry. Indeed, you'll become more efficient with each experience with a client. You'll soon recognize which proposals to concentrate your attention on, and of course, which ones to scan briefly and hand back to a loan seeker. The more you deal with money professionals, too, the sharper you'll become - and consequently, the more money you will make. Money professionals know what types of loans are possible or likely from each of their different funding sources; thus, they'll present only those having the best chances of success. You will quickly become well versed in the current lending and investment trends, and acquainted with the lending rates and requirements of your loan sources.

As you review, assist and put together each of the request-for-money proposals, your knowledge will improve your ability to package specific requests, and to "sell" a loan proposal. Just keep in mind that every time a loan is approved, or when one of your sources decides to invest in a client's business, you'll be taking a financial cut right off the top. Right here I'd like to assure that you don't have to be either a financial genius or a super sales person. All you really have to know is how to put together a proposal properly, and acquire a list of sources interested in lending money or investing in a venture to obtain a profit. You'll find that most of the borrowers you sign to assist in finding money for are unaware that they will have very little if anything to say about the terms of the loan that may be finally granted. You'll find that most of them are already convinced that they have the ultimate idea for a business that will make everyone involved rich.

Almost all of them are trying to get started with little or no money of their own,

and they'll think that whatever the prevailing interest rate, it's too much. Your first chore will be to screen these people. Explain the facts of life to them, and don't waste your time with them if you have the feeling they'll reject or refuse to accept a loan you line up for them because of interest rates. If they've been to most of the regular loan sources in your area, they'll know that when they want or need money, it's the lender who dictates the terms of the loan. A prospective borrower soon learns the prime rate that is published is almost never used. Actually, the prevailing prime rate plus two percent is generally a good rate of interest for most small businesses. In most cases, such loans have to be well secured with collateral not associated with the business. Most of your would-be borrowers will not qualify for the prime plus two percent rate. Business experience, coupled with the type of business involved, will almost always put them in the "high risk" loan category.

After you have your retainer fee, you have to educate your would-be borrowers in this regard. For those who cannot face the facts of life about interest rates, you have to just forget. Something else you'll have to convince your clients of: If he says he'll give up a share of his business in exchange for the use of your investor's money, he'll have to give up a very large share. Most small business investment corporations or private investors will want at least 25 percent, and more often than not, up to 49 percent. In some cases, where a half million dollars or more is provided by the investor, he may (reasonably) ask for as much as 70 to 80 percent. Thus it's absolutely essential that you learn to qualify your would-be borrower before you get too deeply involved or waste too much of your time. For those who can't or don't want to pay your retainer fee - I say skip them. And those who can't or don't want to pay the high risk interest rates when you let them in on the real facts of life - forget them too. And those that have been turned down by practically every lending institution in the country, I would advise you - let some beginner gain practice on them. And these are the ones you need to learn to spot while you are a beginner. You should determine exactly how much cash and other assets your client can or is willing to put into his proposed business.

You'll have to be satisfied with the character of your client as a borrower; his record of paying his bills, how he gets along with people, and his overall chances of success. You'll have to do the checking of his references and credit record.

You'll have to judge how he'll make good on the loan if the business goes sour. When these questions are answered to your satisfaction, you can go on with helping him put together a proper loan proposal and work toward getting him the money he wants. Most successful money brokers charge according to the size and type of loan being requested. This is based on the amount of work they have to put in to place the loan. If it looks like a pretty solid business with a good record on the part of the borrower, and good collateral, the fees are usually lower.

On the other hand, if it's a high risk proposal or if the borrower has very little business experience and you're going to end up doing a lot of selling to get the loan approved, your fee should be accordingly higher. Remember that not all loans are approved, even though they might have looked good to you in the beginning.

With this in mind, you have to charge for your services and make up for the time you spend with those proposals that don't get approved by charging and collecting on those that do get approved. An example of the typical commission charges is shown below.

Loan Amount	Your Fee	Commission
\$5,000,000	1/2%	\$25,000
\$2,000,000	1%	\$20,000
\$1,000,000	1.5%	\$15,000
\$500,000	2%	\$10,000

Under \$30,000 10% \$750 minimum As we stated earlier, you can start this kind of business from the comfort of your own home or apartment, and do very well. However, just as soon as you can possibly afford to, it would be to your benefit to set up an office with access to the general public. Your success and gross income will definitely benefit with an office. You should set up your operation in a prestige location within or fairly close to the business and financial district in your area. Basically, this will be for impressing your clients, but at the same time, by locating in or near your local loan sources, you'll quickly come to know the important people on a first name basis. Perhaps the best idea would be to sublet space in a suite of offices used by an insurance company, accounting firm, or a group of lawyers.

An arrangement can often be made for their receptionist to answer your phone calls and receive your clients. With a little bit of finesse, you might even be able to have one of their secretaries handle your typing and filing. Your office should be neat and functional, but still impressive. A large desk, comfortable chair and a credenza; perhaps a four-drawer file cabinet also. The image you project is of

great importance, and being associated with a big name firm, even if only on the basis of sharing their suite of offices, will definitely be to your advantage in gaining ultimate success. You should try to cover the walls of your office with your certificates of awards, extra-curricular courses completed, association memberships and seminar courses completed over the years. Documents of affiliation with civic groups or even reproductions of national write-ups should be framed and displayed on your office walls.

Don't forget: when planning and furnishing your office, you should also include at least one, and preferably two, visitor's chairs. A small sofa would be desirable, but really isn't necessary until your really firmly established. The thing is, you want to project the impression of affluence and professionalism to anyone coming into your office. The ideal situation is to have a two-person team - someone to be on the outside doing the selling, and someone on the inside handling all the processing. If you have the marketing skills, and enjoy selling, you might look for a sharp and impressive appearing person to handle the processing for you. Or if you've got the processing know-how, you might keep your eyes open for a professional appearing person who could be your "outside arm" and do most of the selling for you. Basically, and except for the actual preparation and selling of the loan packages, most of the inside work can be handled by clerical personnel. As you grow, however, you'll find it in your best interest to have a full-time secretary. You would train her to field incoming telephone calls, take care of filing, and do your personal typing for you. A typical loan proposal usually requires about eight hours of typing.

Regardless of how you get started, and even after you've moved into a suite of plush offices, you'll have to advertise to keep new business coming in. Besides running regular advertising in your local newspapers, you should also advertise in the local financial publications as often as you can afford it. Once you get your business rolling, you should expand your advertising coverage to include such national publications as the Wall Street Journal and the business opportunity publications. Regarding the type of advertisement to run in these publications, we recommend that you look at money brokerage ads in these publications. Clip out some of those you especially like and have your local typesetter make one up for you, using those you've clipped as patterns. Any ad you run should include or list

a minimum loan amount you'll handle - that is, a statement such as "\$50,000 minimum to \$...." This procedure will screen out the people looking for small personal loans. At the same time, it's a good idea to list a maximum amount you're capable of handling - for instance, "\$50,000 minimum to \$10,000,000."

This will attract those who are looking for large business financing. In addition to your local newspapers, business publications and nationally distributed papers, newsletters and magazines, it will be to your advantage to run an advertisement in the yellow pages of your telephone book and in area business directories. Besides "regular" advertising, you should be sending out direct mail letters, letting people know that you can help them with their money problems. Some money brokers have a combination letter-display ad made up and printed on the back of postcards. This is quite a bit less expensive than sending out letters, and could possibly downgrade your image somewhat, but on the other hand, those money brokers using postcards say they're very effective because the recipients are more likely to save a postcard than a letter. A general description of the way the direct mail system works is: You mail out your letters or postcards to the real estate brokers and small businesses in your area. Then a couple of days later, you follow up with a phone call to these people. You identify yourself, ask if the card or letter had been received, and then ask how things are going - if perhaps you can be of any help to them. Finally, you ask them to keep you in mind, and to be sure to let you know if something comes up that you can handle. About one-third of the people you talk to will say that they don't immediately need money, but they know of individuals or business looking for help.

When you do get a referral, be sure to elicit as much information as possible, then make a contact with them. You can also send out letters in search of lenders or private investors. All of these efforts are helpful in establishing and building your business. When you have put a loan or an investment proposal together, and you intend to sell it to a lender, you should first call the lending officer or the head of that lending organization. If you want to present your package to a private investor, you will more than likely have to call his attorney, broker or investment counselor. The purpose of your telephone call is to set up an appointment in order to present your package in person. Thus, during the course of this telephone call, you should brief the lender on the highlights of your client's loan proposal.

If he's interested, he'll probably want you to send him a written summary. After he's received the summary and decided he's interested, he'll get back to you and set up an interview with you, and then with you and your client. You and the borrower should rehearse the entire loan proposal and have all examples, charts and graphic illustrations ready to go for a winning presentation. Any lender willing to listen at all wants to hear the full story, and when they have a question, they want the answer without hesitation. So be sure you're ready when you show up for that loan-selling interview - with a complete presentation. Once you start processing loan applications, you'll find that about 80 percent of the loans granted to small businesses are made by commercial banks. A few more than ten percent are made by friends or relatives of the borrower, and about three percent by finance companies. Another three percent will be granted by insurance companies. This will give you an idea of possible money sources for your clients.

You must remember, when a prospective borrower tells you how much money he needs, and what he wants to use it for, it is your job to evaluate his proposal and match his particular proposal with sources likely to be interested. As you build your list of money sources, you will find those that specialize in specific categories of loans - for apartment buildings, medical facilities, recreation setups, and a myriad of others. Most money brokers cultivate the savings and loan companies, union pension funds, life insurance trust companies, credit unions, private investor groups, and even the small loan companies. The important thing to remember is that if you're going to bring together people needing money and people with money to lend, you have to continually develop contacts in order to build your list of money sources. It is very helpful to get to know your local bank officials because oftentimes they can refer you to a person you can really serve, because he doesn't qualify for a bank loan.

You will learn also that most sources of venture capital - money for business start-ups - want an equity share of the business. They generally don't require that the money they put up be repaid, because they're hoping to make their profit from a share of the business as it grows and becomes more and more profitable. They especially like to get in on the "ground floor" of small companies who plan to issue public shares of stock when they begin to grow. Still another angle that money brokers should develop is contact with a number of people who might be

interested in investing as silent partners in new or growing business ventures. Silent partners invest in a business without assuming any liability relative to debts the business may incur, while still sharing in the total profits of the business.

In most areas of the country, there are always a number of wealthy people around who are interested in investing small amounts of money in any number of business ventures - sometimes as many as they can get in on. Until you've actually placed a few loans, you're undoubtedly going to occasionally spend a lot of time attempting to sell a loan that just can't be sold. You will have to develop your skill in evaluating from the facts your borrower gives you, the possibility of obtaining a loan for him. Your evaluation will be based upon how much he wants, for how long, and terms (time period and interest rate), his past business experience, and the feasibility of his plan for success in the planned business. While it does take some time and concentration to differentiate the "winners" from the "losers," be aware from the beginning, and you will be less likely to be caught up in efforts to place a loan that just can't be placed. Of primary importance to your lenders is your client's collateral, which would assure repayment of the loan in the event of failure of the business. Lenders won't even listen to, or bother to look at a proposal that is not backed up with realistic collateral to support the loan. And you may count on this: They will call you on any profit projections based only on your borrower's glowing predictions. These are the things you as a money broker must evaluate before getting too deeply involved.

If the loan doesn't have the look of at least an even chance of being approved, better to give it to your client straight. It will save him grief in the long run, and will allow you to go on to another proposal with better chances of success. When you go into the matter of collateral with a client, by all means be thorough and inquisitive in working with him. Many borrowers have collateral they have never thought of in terms of security. For instance, antiques, coin or stamp collections, life insurance policies, even a wealthy friend or so who would sign as guarantor(s) of a loan. Remember also any accounts receivable, promissory notes, machinery and equipment, and any real estate equity. When you've listed all the collateral that can be dug up, you have to demonstrate very clearly just how the loan is going to be repaid - and particularly if the business fails. Collateral is a necessary part of any loan transaction, but it usually is not enough to satisfy the entire face

value of the loan. Thus, in addition to collateral, the borrower has to have a clear and provable plan for repaying the money he borrows. So long as you work through the commercial banks, you shouldn't need any kind of broker's license. But to be sure, you will want to check with your local licensing authorities. In the end, you'll probably want to get a real estate broker's license, because in many cases, real estate will figure into the loan in one way or another. However, you can get started without one. If you run into an immediate need for a real estate broker's license, you can always make an arrangement with someone who has one and let him be the "license of record."

Finally - and possibly the Number One requisite for success in your Business Financing Service venture is this: You are going to need, and really must have, enough money available or coming in from some outside source(s), to sustain your daily living for at least the first three months before you open for business. It will probably take you two to three weeks to put together each of your first loan proposals. You're working (investing your time) but the money won't be coming in until you finish the job. But even when everything is ready and you begin trying to place a loan, it could take you anywhere from three weeks to three months to get the final approval. So the best way to get started as a money broker is, as we discussed earlier in this report, to start on a part-time basis while you are still holding down a regular job. Remember, you can work out of your home; do some careful planning and become efficient with your time; concentrate on getting those "retainer fees" and proceed with packaging the loan proposals.

There is no effortless way to start this or any other business. You have to start small, do all or most of the work yourself, and in addition to investing your time, you'll have to "prime the pump" with money of your own. However, it can be done, and most assuredly this particular kind of business can take you from pauper to wealth in a short time. Businesses in every city and town in this country would like to have more money than they currently have available. You can become rich beyond your wildest dreams by helping them. You identify those with money needs and bring them together with the people or organizations with money to invest. All it takes is the know-how we've passed along within this business start-up manual, and ACTION on your part - it's up to you!

REFERENCE ASSOCIATIONS:

American Finance Association
Graduate School of Business Administration
New York University
100 Trinity Place
New York, NY 10006

American Institute of Financial Brokers
221 N. LaSalle Street
Chicago, IL 60601

American Institute of Professional Consultants
American Professional Center
201 S. Lake St., Suite 500
Pasadena, CA 91109 13

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1. Buy frequently used products in bulk.
 2. Whenever possible, fax it before you discuss
 3. Purchase a fax switch and remove the dedicated telephone line.
 4. If you communicate by modem purchase a new one that speeds up communication.
 5. Monitor long distance telephone charges - include them in charges to customers or insure that they are included in overhead.
 6. Plan now to hire students in the summer or for peak periods.

7. Ensure heating is turned down on week nights and reduced more on weekends.
8. Turn off all unnecessary lights.
9. Have office cleaning staff reduce visits to once every two nights instead of every day.
10. Ensure faucets are not leaking.
11. Turn down hot water settings 10-20 degrees.
12. Retrofit toilet reservoirs to use less water per flush.
13. Cut vehicle car washes to half.
14. Ensure that postage for parcels is correct by using weigh scales.
15. Encourage the reuse of newspapers, paper for draft copies, boxes, incoming Styrofoam packing for outgoing packages.
16. Photocopy paper on both sides for client newsletters and other mailings.
17. File taxes on time...consider municipal, provincial, GST, PST and Federal... to avoid penalties.
18. Review subscriptions to newspapers and periodicals to avoid duplications...set up a procedure to distribute single copies.
19. Use reusable interoffice envelopes and re- address rather than use new ones.
20. Increase the deductibles on office business insurance policies.
21. Negotiate for discount vehicle fuel through bulk buying or centralized purchasing.
22. Consolidate credit card outstanding balances with a line of credit to reduce interest charges.
23. Renegotiate your premises lease.
24. Consider refinancing loans at old rates for new, lower rates.
25. Review credit card membership costs and cancel redundant cards.
26. Negotiate better deals on maintenance contracts such as grass cutting, window cleaning, carpet cleaning and uniforms.
27. Entertain at your home or office rather than at restaurants.
28. Encourage customers to pay cash rather than use charge cards.

29. Pay bills that provide discounts on time.
30. Use refillable cartridges for photocopiers or laser printers.
31. Purge old files into cardboard storage boxes to free up space.
32. Review heating methods used to determine if conversion to other fuels, different furnaces or suppliers would reduce costs.
33. Review the effectiveness of advertisement in newspapers, trade magazines or monthly mailers. Is there a more effective, less costly means to reach your market?
34. Eliminate bank account that are no longer necessary.
35. Get your accounting up to date for tax planning for both company and owners.
36. Ensure all withholding taxes for employees are paid on time.
37. Review Workers Compensation rates. Be sure that adjustments are handled promptly to provide credits.
38. Schedule regular maintenance on key vehicles, computers or other productivity enhancements to avoid expensive down time.
39. Consider installing a telephone answering machine rather than an answering service.
40. Inquire into government funding for training.
41. Review accounts payable for large debit balances. Use the credit or request refund.
42. Review vehicle usage for the next six months. For idle vehicles, investigate not renewing licenses and redefining insurance coverage.
43. Review vehicle insurance policies and drivers' records. If high risk individuals are no longer driving, is a reduction in premium possible?
44. Review inventory. Is it possible to use old stock that has been forgotten?
45. Reduce rent and overhead by sharing space and facilities with a complementary business.
46. Review mailing lists and remove customers that have not placed orders in the last 2 years or have moved outside your area of service.
47. Plan service calls and drop in visits to customers to correspond with other

visits.

48. Combine small shipments/orders to take advantage of lower freight rates.
49. On out of town projects, consider staying at non franchised hotels/motels. More than likely the rates will be lower than the corporate rate at major chains.
50. Make production personnel responsible for quality control and routine maintenance.

You may not realize it, but the insurance rates you pay for your car can vary dramatically depending on the insurance company, agent or broker you choose, the coverage is you request and the kind of car you drive. Listed below are a number of things you can do right now to lower your insurance costs.

1. COMPARISON SHOP. Prices for the same coverage can vary by hundreds of dollars, so it pays to shop around. Ask your friends, check the yellow pages or call your state insurance department (phone numbers are on back page). You can also check consumer guides, insurance agents or companies. This will give you an idea of price ranges and tell you which companies or agents have the lowest prices. But don't shop price alone. The insurer you select should offer both fair prices and excellent service. Quality personal service may cost a bit more, but provides added conveniences, so talk to a number of insurers to get a feeling for the quality of their service. Ask them what they would do to lower your costs. Check the financial ratings of the companies too. Then, when you've narrowed the field to three insurers, get price quotes.

2. ASK FOR HIGHER DEDUCTIBLES. Deductibles represent the amount of money you pay before you make a claim. By requesting higher deductibles on collision and comprehensive (fire and theft) coverage, you can lower your costs substantially. For example, increasing your deductible from \$200 to \$500 could

reduce your collision cost by 15% to 30%.

3. DROP COLLISION AND/OR COMPREHENSIVE COVERAGE'S ON OLDER CARS. It may not be cost-effective to have collision or comprehensive coverage's on cars worth less than \$1000 because any claim you make would not substantially exceed annual cost and deductible amounts. Auto dealers and banks can tell you the worth of cars.

4. ELIMINATE DUPLICATE MEDICAL COVERAGE'S. If you have adequate health insurance, you may be paying for duplicate medical coverage in your auto policy. In some states, eliminating this coverage could lower your personal injury protection (PIP) cost by up to 40%.

5. BUY A "LOW PROFILE" CAR. Before you buy a new or used car, check into insurance costs. Cars that are expensive to repair, or that are favorite targets for thieves, have much higher insurance costs. Write to the Insurance Institute for Highway Safety, 1005 North Glebe Road, Arlington, VA 22201 and ask for the Highway Loss Data Chart.

6. CONSIDER AREA INSURANCE COST IF YOU ARE MAKING A MOVE. Costs tend to be lowest in rural communities and highest in center cities where there is more traffic congestion.

7. TAKE ADVANTAGE Of LOW MILEAGE DISCOUNTS. Some companies offer discounts to motorists who drive fewer than a predetermined number of miles a year.

8. FIND OUT ABOUT AUTOMATIC SEAT BELT OR AIR BAG DISCOUNTS. You may be able to take advantage of discounts on some coverage's if you have automatic seat belts and/or air bags.

9. INQUIRE ABOUT OTHER DISCOUNTS. Some insurers offer discounts for more than one car, no accidents in three years, drivers over 50 years of age, driver training courses, anti-theft devices, anti-lock brakes and good grades for students.

**INQUIRE ABOUT DISCOUNTS FOR: COMPANY A COMPANY B
COMPANY C**

\$500 deductible _____

\$1,000 deductible _____

More than 1 car _____
No Accidents in 3 Years _____
No Moving Violations in 3 Years _____
Drivers Over 50 Years of Age _____
Driver Training Course _____
Anti-Theft Device _____
Low Annual Mileage _____
Automatic Seat Belt _____
Air Bag _____
Anti-Lock Brakes _____
Good Grades for Students _____
Auto and Homeowners Coverage with the Same Company _____

College Students Away From Home Without a Car _____

OTHER DISCOUNTS: _____

You Can Reach Your State Insurance Department At:

AL: 205-269-3550

AK: 907-465-2515

AS: 684-633-4116

AZ: 602-255-5400

AR: 501-686-2900

CA: 800-927-4357

CO: 303-894-7499

CT: 203-297-3800

DE: 800-282-8611

DC: 202-727-8002

FL: 800-342-2762

GA: 404-656-2056

GU: 671-477-5144

HI: 800-468-4644

ID: 208-334-2250

IL: 217-782-4515

IN: 800-622-4461

IA: 515-281-5705

KS: 800-432-2484

KY: 502-564-3630

LA: 504-342-5900

ME: 207-582-8707

MD: 800-492-6116

MA: 617-727-3357

MI: 517-373-9273

MN: 800-652-9747

MS: 601-359-3569

MO: 314-751-2640

MT: 800-332-6148

NE: 402-471-2201

NV: 800-992-0900

NH: 800-852-3416

NJ: 609-292-5363

NM: 505-827-4500

NY: 212-602-0203

NC: 800-662-7777

ND: 800-247-0560

OH: 800-686-1526

OK: 405-521-2828

OR: 503-378-4271
PA: 717-787-5173
PR: 809-722-8686
RI: 401-277-2223
SC: 803-737-6117
SD: 605-773-3563
TN: 800-342-4029
TX: 512-463-6464
UT: 801-530-6400
VT: 802-828-3301
VI: 809-774-2991
VA: 800-552-7945
WA: 800-562-6900
WV: 800-642-9004
WI: 800-236-8517
WY: 307-777-7401

For more information, call the National Insurance Consumer Helpline (NICH) at 1-800-942-4242



The inability to come up with the necessary cash when suddenly presented with a "can't miss" opportunity, is one of the most frustrating experiences anyone ever

live through. Yet, there are literally hundreds of ways to raise unlimited amounts of cash in an hour or less! You may not be aware of many of these cash-raising methods we're about to describe for you, but they are all legal and any one of them could be the answer to your money needs the next time you have an opportunity to get in on the ground floor of a sure-fire winner. The important thing is to be aware of the possibilities, and then to position yourself to use them when the need arises.

Almost everyone uses plastic credit cards in place of money for the purchase of many of the things they want and need. Most people aren't aware though, that in addition to merchandise and services, you can also buy money with these credit cards. The "Cash Advance" privilege of these cards is actually the best and easiest way to raise cash - immediately and with no questions asked. Generally, most people can write themselves a check for at least a thousand dollars against these credit cards and with no questions or quibbling relative to the amount requested. With an American Express card, you can even write yourself a check for \$2,500 with no argument. Now then, if you have 10 of these credit cards, and you needed \$10,000 - all you'd have to do would be to write 10 different checks for \$1,000 each - a \$1,000 check against each of your credit cards with this cash advance privilege - present the checks at each of the banks sponsoring the credit cards, and you've got the \$10,000 you were needing. Besides the no-fee cards such as MasterCard and Visa, there's a growing number of travel and entertainment cards such as American Express, Carte Blanche and Diners Club.

Your annual income and credit rating has to be higher than for many of the others, and they charge you an annual service charge for the privilege of using them, but the amount of cash you can draw against them is much higher. For instance, with an American Express "Gold Card," you can draw up to \$5,000 in instant cash, immediately with no questions asked. In addition to the "cash advance" privileges of most credit cards, most modern bank accounts include an automatic overdraft provision. This amounts to the privilege of your being able to write a check for more than the balance you have in the bank, and the bank honoring your check by merely loaning you money to cover the amount of the check.

In effect, this is an immediate and automatic loan to you - without questions. Most of these "check guarantee" accounts will cover you up to at least \$1,000 and if you have 3- such accounts, you can write three \$1,000 checks, and be on your way

with whatever you need instant cash for . Another source of money is your circle of friends and relatives. Therefore, it's always to your benefit to make friends, encourage them as necessary, and keep them believing in you. One of the easiest of all money-raising ideas to promote amongst your friends and relatives is the sale of "private stock" in your idea or project. For instance, if 100 of your friends and relatives were to give you \$100 each, you'd have \$10,000 with which to either jump into or launch a new venture.

And by-the-way, it's always important to have at least 3 people you can count on to co-sign a note or loan for you if the need should ever arise. Loans against life insurance policies are another source of "no questions asked" instant cash. You simply borrow against the cash value of the policy, and in most cases, the interest you pay is far lower than against other loans, plus you never have to pay it back nor will your insurance policy lost value, so long as you keep the interest payments up to date.

Still another avenue to explore is the feasibility of using your insurance policy as collateral when you don't seem to have enough unassigned collateral otherwise. If you're buying the home you live in, and have a conventional home mortgage, you can often-times borrow against the equity you've built up. Generally speaking, if you buy a home for \$50,000 - live in it and make regular payments on the mortgage for 10- years - the value of your home has probably increased to the neighborhood of \$100,000 and conceivably, you could borrow \$50,000 against your equity. In these times of tight money, this is a most intelligent method of coming up with the cash you need to start a new business.

There's also a lot of possible instant cash just lying dormant in people's attics, basements and garages. Go through all the things you've got stored - you may find valuable heirlooms, priceless antiques and collectibles that other people are looking for, and willing to buy from you. And, don't forget all the money you've loaned out to friends, neighbors and/or relatives over the years - check your memory and get in touch with these people - ask for repayment.

Finally, if you're wanting to start a business, and you've got your business plan all together, don't be afraid to take it in and show the people at your commercial bank. These banks - as opposed to regular savings banks - are always on the lookout for new businesses to invest in, and are willing to take risks - they'll

welcome you with "open arms" and can really help.

There are so many sure-fire, yet really simply ways to acquire real wealth, it's a wonder everybody with even the least bit of ambition isn't filthy rich. When you get right down to it, the only thing needed for anyone to make bundles of money, is long-range vision and the energy to put a money-making plan into force.

One of the easiest methods of building wealth, and the one used most often by the "smart" people, is simply the furnishing of expertise, equipment or growth capital to promising beginning businesses. Basically, you buy in as either a part owner or limited partner - then, as the business grows and prospers with your help, you reap fantastic rewards. The beautiful part about this whole concept is that you can do this same thing, or duplicate it over and over again. You can start out with say, marketing and sales leadership for a small, garage type business - then with your holdings and earnings from that business, invest in another and keep doing it until you own a part of 25 to an unlimited number of businesses.

Looking at the idea for a "dollar return" point of view, if you were getting \$200 per month from 25 different businesses, your monthly income would amount to no less than \$5,000 and that's not too bad for a fledgling millionaire. Look around your own area - with just a little bit of business moxie and perception, you're sure to find hundreds of small businesses that could do better, perhaps even become giants in their field with your help. Most small businesses need and would welcome marketing, promotional, advertising, and sales help. If a quick survey of business turns you on with enthusiasm about the potential profits with just a few changes that you can suggest, then you are on your way. Basically, you set up an appointment to see and talk with the business owner about some ideas and help that could double or triple his profits.

Whenever, and so long as you approach him in that manner, he's almost always going to want to see you and hear what you have to say. In preparing for your

meeting with him/her - set your ideas down on paper. Put them together in an impressive marketing or profit-potential folio. Outline your ideas, the costs involved and the ultimate profits to be gained. Then, when you arrive for the meeting, be sure to look the part, and act the part of successful business person. A few amenities for break the ice, and then begin with your proposal or presentation. The bottom line is simple that you tell the business owner that you can do all you say for him through to the ultimate profits for a 10 or 20 percent limited partnership in the business, which really won't cost him anything. Of course, if he's reluctant to give up any part of his ownership, you come back with the idea of being hired as a consultant.

Almost all small businesses need help of some kind. The owners get bogged down in a myriad of everyday problems and things to do - find that there just isn't enough hours in a day to handle everything that should be taken care of - and end up neglecting or not doing some of the things they should be doing to keep their business prosperous - and as a result, the long struggle for business survival begins, with more than 60% of them selling out at a loss or just closing up shop.

The other way to "cut yourself in" on a piece of someone else's business is to supply needed money. If you can come up with 10- or 15-thousand dollars, you can easily "buy into" most small businesses. Be sure to look the business, and its market potential over, but once you spot one that can really be a winner with just a little bit of operating cash or money for expansion, then jump on it. You can have a never-ending supply of such businesses to choose from, simply by running a small advertisement in your daily newspapers in the classified section under the heading of Business Opportunities Wanted. Such an ad might read:

SUCCESSFUL BUSINESS EXECUTIVE LOOKING FOR NEW BUSINESS VENTURES. WILL CONSIDER BUY-OUT OR PARTNERSHIP. WRITE: PO BOX 123

By the same token, make it a habit to look through the Business Opportunities Available, on a regular basis. Mark a few each day and follow up - check them out, and find out what kind of deal is being offered. Remember, proper management and planning are basically the ingredients to success in business - and most small businesses just don't have these ingredients in the proportions needed to attain their true profit potentials.

Other people have done it, and are doing it every day. There's no reason why you can't do it - in most cases - little or no cash is needed, and with just a little bit of action on your part, you could quickly become a multi-business owner and very wealthy as well.

The FCRA grants you a number of important rights, including:

- The right to know what your credit records contain.
- The right to be told by a credit bureau the nature, substance and sources (except investigative sources) of the information (except medical) collected about you.
- The right to know the name and address of the credit bureau responsible for preparing a credit report used to deny you credit, insurance or employment, or to increase the cost of your insurance or credit.
- The right to a free copy of your credit report if you are denied credit and the denial is due at least in part to credit record information. (Requests for a free copy must be made within 30 days of your receipt of the notification of denial.)
- The right to review your credit report in person at the credit bureau, by phone or by mail.
- The right to take someone with you to review your file if you visit a credit bureau in person.
- The right to have investigated within a reasonable period of time any information in your credit record that you dispute. (if the credit bureau deems your request frivolous or irrelevant," the law says that the credit bureau need not investigate.)
- The right to have inaccurate information deleted from your credit

record if a credit bureau investigation finds the information to be erroneous.

- The right to have information deleted if the credit bureau cannot verify it through its investigation.
- The right to have the credit bureau notify-at no cost to you those you name who previously reviewed the incorrect or incomplete information in your credit file that the information has been removed or changed.
- The right to know who has received a copy of your credit report over the past six months for credit-granting purposes.
- The right to know the names of everyone who has seen your credit record over the last two years for employment purposes.
- The right to include a brief written statement that will become a permanent part of your credit record explaining your side of any dispute that cannot be resolved with a credit bureau. (You may ask that the credit reporting agency share your written statement with certain businesses. The agency must do so without charge if you make your request within 30 days of being denied credit.)
- The right to have negative credit-related information deleted from your credit record after seven years.
- The right to have a bankruptcy deleted after ten years.
- The right to sue a credit bureau for damages if it willfully and negligently violates the law. (if you are successful in your lawsuit, you may collect attorney fees and court costs as well.)
- The right to be notified by a company that it has requested an investigative report on you.
- The right to request from a company pursuing an investigative report more information about the nature and the scope of the investigation.
- The right to know the nature and the substance of the investigative report but not the sources.

The FCRA does not require that:

- A credit bureau provide you with a copy of your credit file. (Some bureaus will do so, however, if you request it.)
- A business or individual do business with you.
- Any federal agency intervene on your behalf.
- A credit bureau add information on accounts not already in your file. (Some credit bureaus will do this for a fee .)
- Also, the FCRA does not apply to applications for commercial credit or business insurance.

NOTE: Credit bureaus may report bankruptcies for longer than ten years and other negative credit-related information for longer than seven years in the case of loans for more than \$50,000, insurance policies greater than \$50,000 and jobs paying more than \$20,000/year. Also, information concerning a lawsuit or judgment against a consumer can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Negotiations with creditors have failed. Repossession is imminent and foreclosure proceedings have begun. Your income is simply not sufficient to pay your bills, no matter how low the payments are. It may be time to consider bankruptcy.

Bankruptcy law evolved as a reaction to the abuses surrounding debtors prison. Before the nineteenth century a prison system existed for those who didn't pay their bills. If a merchant filed a claim, the debtor was incarcerated until his debts were paid. (Women were not found in debtor's prison, not because of chivalry but

because they did not have the ability to borrow). The lender was legally responsible for the expenses of the prison stay, including food, but seldom paid. After all, a debtor would have to sue in order to enforce this law, and it was rather difficult to sue when in prison. As a result, many borrowers languished in prison for years, surviving on what their family could bring to them or, in many cases, simply starving to death. Although some lenders would doubtless not object to the renewal of debtor's prison, fortunately we live in more enlightened times. Bankruptcy was created to provide a second chance (or third, or fourth) to those hopelessly in debt. It provides a mechanism to wipe the slate clean and begin anew. As times have changed, though, so has the bankruptcy code. Not all debts can be wiped out. The proceedings can be easily disqualified in the event of improper procedures. There are many things a debtor should know before resorting to bankruptcy.

The Bankruptcy Decision

There are two kinds of individual bankruptcy: Chapter 7 and Chapter 13. Chapter 7 bankruptcy, named for the chapter number in the bankruptcy code, requires a full liquidation of all debts and cancels all non-exempt debts. Chapter 13 bankruptcy is essentially a court-mandated payment plan that sets up affordable monthly payments to your creditors,

The decision to declare bankruptcy is not an easy one. Unfortunately, many bankruptcy attorneys recommend bankruptcy to just about anyone they consult with. All too often frightened consumers are advised to declare bankruptcy just to avoid a few debts. This is a mistake. Bankruptcy should truly be a last resort as the legal system meant it to be. A bankruptcy appears on your credit for ten years, and although lending criteria are slowly changing, many lenders will not even consider an applicant who has had a bankruptcy. What's more, a Chapter 7 bankruptcy can cost you most of your property. Before making a decision to declare bankruptcy, estimate how bad your situation really is. On a piece of paper, make a list of all your assets and the approximate value they could be sold for. On the other side, add up all of your debts. If the debts exceed the assets by a large percentage, you may wish to consider bankruptcy. On the other hand, if it seems that your situation may improve (you may get a new job or a second

income), or if your assets are of greater value or close in value to your debts, a different approach may be appropriate.

Negotiate with your creditors

Explain your situation and ask for more time to pay. If the creditors refuse and continue to threaten garnishment tell them such action would force you into bankruptcy. No creditor wants to hear the "B" word. Using bankruptcy as a threat is a very powerful negotiating tool, confronting creditors with a choice between getting a little each month or probably getting nothing through bankruptcy. Don't try this tactic on secured creditors. They may decide to repossess your property to avoid having to go through court.

Contact Consumer Credit Counseling

As mentioned earlier in the book, Consumer Credit Counseling is a non-profit group funded by creditors to help consumers negotiate repayment plans. It is often able to negotiate payment arrangements better than the individual because of its constant contact with a variety of creditors. If you can't negotiate a satisfactory arrangement, give these people a try. Remember, the fact that you are using credit counseling may appear on your credit record.

Consider Chapter 13 bankruptcy

This kind of filing allows you to repay your debts in a court-mandated fashion and will appear on your credit record for only seven years, If negotiations fail or there simply isn't enough money to make ends meet Chapter 7 bankruptcy may be your only option. Bankruptcy does not necessarily discharge all debts. If your debts are exempt from bankruptcy, filing will do very little to improve your situation. If a co-signer was used, the debt would then be owed by the co-signer, unless that person also declared bankruptcy. In community property states a spouse's assets and debts would also be included in the bankruptcy, assuming they are community property. Consider all very carefully before deciding to file.

Non-Dischargeable Debts - Bills You Have To Pay In Spite Of Bankruptcy

Certain kinds of debt cannot be automatically eliminated by bankruptcy filing. They must meet certain requirements before being eliminated by bankruptcy. If most of your debts are non-dischargeable, bankruptcy may not solve your

financial dilemma. The only ways a non-dischargeable debt can be eliminated through bankruptcy are through an exception being granted by the court, a certain period of time transpiring since the debt was due, or because the creditor does not object to the discharging of the debt. Certain debts can only be discharged by an exception. They are:

Recent Student loans

This applies to student loans that became due within the last five years. Any extension of repayment would be added to this time period. Some courts, furthermore, will only discharge payments that are more than five years past due. So if the student loan was due seven years ago and the payments were originally to be made over a five-year period, you would still be responsible for the last three years of payments. The court may also grant an exception to a student loan if it would produce an "undue hardship" for you to pay it. This is rarely granted.

Taxes

Federal, state, and local taxes are not dischargeable for at least three years after you file your tax return. Even if you've been tied up in tax court for more than three years, any tax assessed within 240 days of filing for bankruptcy is non-dischargeable. Property taxes are dischargeable if they are over one year late, but the lien against your property is not. The bottom fine is that you can count on the government collecting its tax money eventually.

Child Support and alimony

These can only be discharged in special circumstances, which generally include agreements that have not been court-ordered. If one spouse has agreed to assume more than half of marital debts in exchange for lower support payments, the court may not discharge all debts held by the spouse for bankruptcy. Consult an attorney if this situation applies.

Fines

Neither fines from a court, judge, or government agency nor surcharges, penalties, and restitution, as a general rule, can be discharged in a bankruptcy. The same is true of debts incurred as a result of damage or liability from driving while intoxicated. The debt incurred from intoxicated driving must be established in court and a judgment must be issued by a higher court. Small-claims, traffic, and

municipal judgments for intoxicated driving are all dischargeable. Once again, consult an attorney.

Debts not discharged in a previous bankruptcy

If debts from a previous bankruptcy have been found non-dischargeable, they cannot be discharged in a later bankruptcy.

Debts not listed on your bankruptcy petition

If you do not include a debt on your petition, it will not be discharged. Many people filing bankruptcy keep one or more credit lines with small balances or no balance out of the bankruptcy proceeding to preserve part of their credit resources. Another strategy is to reaffirm debts on the condition that credit continues to be offered. The creditor, confronted with a choice between collecting nothing and maintaining your credit, will sometimes choose the latter. Be very careful when reaffirming debt. You are not obligated to and you should have a new written agreement spelling out all of the new conditions.

Other kinds of non-dischargeable debts can be discharged immediately if the creditor does not object. If the creditor objects, these debts will be judged by the court to be either dischargeable or non-dischargeable. The creditor can ask that the debts not be discharged if they claim the following conditions existed:

The debt was acquired by Intentionally fraudulent behavior

Fraud in this case is any dishonest act used to obtain credit. Claiming to be someone you are not, or borrowing money when you have no means or intention of repaying it, would be clear-cut examples of fraud. Not disclosing certain relevant facts could also be construed as fraud. If you make a promise and intend to keep it and believe you will be able to keep it, that is not fraud. Creditors tend to be paranoid and believe everyone is defrauding them, so this excuse for non-discharge is often used by creditor's attorneys.

Debts Incurred as a Result of False Written Statements

A blatantly false credit application would qualify. The inaccurate statement must be an important fact and one that the creditor relied on in order for the debt to be judged non-dischargeable. A misspelled name or minor error would not render a debt non-dischargeable. Drastically overstating income or misrepresent a job title would be considered fraudulent.

Fraudulent usage

If you charge "luxury goods or services" in an amount over \$500 within 40 days before filing bankruptcy, the debt is likely to be deemed non-dischargeable. The same is true if cash advances are obtained fewer than twenty days before declaring bankruptcy. A lot of small charges, made to avoid pre-clearance, would also be considered fraudulent if you were over your credit limit or obviously unable to pay.

Debts resulting from illegal or malicious acts, embezzlement, larceny, or breach of fiduciary Responsibility

Any money owed because of illegal acts such as embezzlement (taking property left in your safekeeping), larceny (theft), or the failure to fulfill your duties as a trustee can be non-dischargeable. The court will usually define a definition of fiduciary responsibility.

Once you've examined your debts and determined what is dischargeable and what is not, you can determine whether bankruptcy would enhance your current financial situation. There are several other things you should know before you decide whether to file.

Exempt Assets

A common misconception about bankruptcy is that you lose everything you own to satisfy your debts. In fact, the court will allow you to keep many things essential to your well being, and perhaps even a little bit more. Although there is a federal exemption law, only in states and the District of Columbia allow you to use it. These states let you choose between the state and federal exemption laws. The in states are:

Connecticut

Hawaii

Massachusetts

Michigan

Minnesota

New Jersey
New Mexico
Pennsylvania
Rhode Island
Texas
Washington
Wisconsin
Vermont

The other states require a person declaring bankruptcy to use state exemptions. Here are some examples of things that may be exempt, depending on the state in which the petition is filed.

- Personal effects
- Furniture
- Cars (up to a certain amount of equity)
- Tools of a trade
- Equity in a residence (sometimes the entire residence)
- Clothes
- Household goods
- Books
- Jewelry

One very interesting exemption is the homestead exemption. When John Connally, the former governor of Texas, declared bankruptcy a few years ago, many people were surprised that he was allowed to keep his huge mansion, valued at several million dollars. Texas has a homestead exemption that allows anyone petitioning bankruptcy to keep up to one acre in an urban area or 100 acres in a rural area, regardless of value. The ex-governor may have had a very good

attorney, but many other states also offer homestead exemptions.

One bankruptcy strategy is to sell non-exempt property before bankruptcy and convert it into exempt property. For example, a Texas resident might sell non-exempt assets and use the proceeds to pay off the home mortgage on her homesteaded property. You would almost certainly want to consult an attorney before attempting this kind of transfer of assets, however, since the court could very easily view such action as an abuse of the bankruptcy laws.

Even if a certain amount of equity is exempt, your creditors can often sell the asset to recover any excess equity you may have. If you own a car worth \$10,000, for example, and you only owe \$5,000 on it and your state exemption is \$1,200, the creditor can sell the car and give you \$1,200. Some states allow 'Wildcard' exemptions that can be used to cover the difference.

Knowing which debts are dischargeable and what the law allows a petitioner to keep, a rational decision can be made whether to file for bankruptcy. If you do choose to file, there are several ways of going about it-as well as several pitfalls to avoid.

Taking Action

When you've decided to take action you can begin the filing process. If creditors are knocking on the door and repossession, foreclosure, or garnishment is just around the corner, it may be wise to consider using an emergency filing to obtain an automatic stay. An automatic stay stops creditors from taking any further action until the case goes before a bankruptcy judge. Unlike a bankruptcy filing, which usually contains several pages of information an emergency filing is only one page long and contains a list of your creditors. The rest of the petition has to be filed within fourteen days or the case is dropped. The court will send notices of the pending bankruptcy to the creditors listed, who must cease all further collection action. If they do not cease, send them copies of the automatic stay and request that all further collection action cease. A creditor can ask that the automatic stay be lifted, allowing him to continue collection action. Only a landlord trying to evict you from a rented dwelling will usually prevail, unless there is a long-term lease involved. If you are renting on a long-term lease, which could be considered an asset, the landlord may have to wait for a formal @g in

order to evict YOU.

Once the wolves are at bay, another decision will need to be made: whether to hire a bankruptcy attorney. Attorneys, as we all know, are expensive. In the case of a complicated bankruptcy, however, they can be invaluable. If you have quite a bit of property or valuables, if you are trying to move money from non-exempt to exempt assets, if your creditors try to make your debts non-dischargeable because of fraud, or if there are any other complications, you may wish to hire an experienced bankruptcy attorney. Shop around. Don't be afraid to negotiate. Ask a lot of questions and talk to several attorneys before you make your decision.

If you have a very simple bankruptcy or can't afford an attorney, invest \$15 in a good do-it-yourself bankruptcy book. It will give in-depth information not covered in this chapter. Typing services are also available to type up bankruptcy forms. They are reasonably priced and, in the case of a very simple bankruptcy, can take the place of an attorney. If your case is complicated and you can't afford an attorney, do your own research. Read a consumer bankruptcy manual first and then consult a good legal library. There are several legal guides devoted strictly to bankruptcy. Once you or your attorney have prepared your case, you're ready for formal work.

The Filing Process

All the appropriate papers can be obtained from your local bankruptcy court. Consult the yellow pages under Government Services (usually in the beginning of the book) for an address and phone number. The court allows you fourteen days from the date of an emergency filing to complete the formal process. If Chapter 7 bankruptcy is being filed, you will need to send in the following forms after you have received them from the court:

- Statement of Financial Affairs.
- Schedule of Current Income and Current Expenditures.
- A schedule describing your debts.
- A schedule describing your property.
- A schedule listing exempt property.
- A summary of the above schedules.

- Statement of Intention in regard to your secured property and what you intend to do with it
- Statement of Executory Contracts describing contract that will need to be fulfilled, such as auto leases.
- Bankruptcy Petition cover sheet.
- Mailing addresses of all creditors.
- Any required local forms.

A fee will also be assessed, usually \$90, due at the time of filing. The court will usually accept installments of a four-month period. An application for installments must accompany the petition.

After your petition is filed, a meeting of the creditors will be arranged. The court appoints a trustee to preside over the meeting and to be responsible for the liquidation of assets. With most smaller bankruptcies, only the person filing and the trustee will attend. The trustee, who is usually a local attorney, will ask several questions about the information on the bankruptcy documents. Call and ask the court clerk what papers you will need to bring (usually financial statements or sometimes even tax returns). If a lot of property is involved, especially if it is nonexempt, property, your creditors may show up to protest any exemptions. They may also attempt to grill you about your intent to pay the bill or about lying on your application. Answer truthfully and there shouldn't be a problem.

If the creditors' attorneys become abusive, demand a hearing before the bankruptcy judge before the proceeding goes any further. If the creditors object to any of your exemptions, they have 30 days after the creditor's meeting to file an objection with the court. The court will schedule a hearing and you will be given the opportunity to respond, although you don't have to. A creditor may also try to claim a debt as non-dischargeable because of fraudulent acts, a @ or malicious act, or embezzlement or theft. He can only accomplish this if he successfully raises the objection within sixty days of the creditors' meeting. To defend yourself, you or your attorney will have to file a written response and be prepared to argue your case in court.

Once all the requirements have been met and your intentions have been made

clear, the court can declare the bankruptcy discharged. No formal hearing will be held unless you have chosen to reaffirm your debt in which case the judge will want to be sure that you understand what you are doing. After this time, provided the creditors do not raise any objections, the dischargeable debts are erased.

Picking Up The Pieces

Bankruptcy was once the lowest disgrace that could befall someone. Today, however, it is commonplace. Corporations declare bankruptcy to get out of contracts or avoid legal judgments. Individuals rely on it to protect them from a society that extends credit too quickly.

Bankruptcy does not mean that you will automatically be denied all credit for ten years. In fact, many firms look at bankruptcy as a responsible way of discharging debts when there is no other way out. Creditors fear bankruptcy, but they also realize that if they lend to someone who has declared bankruptcy, they need not worry about another bankruptcy for seven more years (you can only file once every seven years). If you happen to have a good explanation for the bankruptcy, such as medical bills, divorce, or some other catastrophic event, a creditor may be willing to overlook it and extend credit. Ask potential creditors about their policy toward bankruptcies. Their responses may be surprising.

The credit and money-related problems that can accompany a divorce used to primarily affect women. However, many men are now confronting these issues because increasing numbers of women are pursuing successful careers and starting their own businesses. Some women are now their family's major wage earner. This economic clout means that in some households it is the wife rather than the husband whose income qualifies a couple for joint credit. It also means that a growing number of women have the opportunity to begin their own businesses. If their businesses fail, these women could create financial problems for their former

spouses. No matter how happy your relationship, it is wise for both men and women to prepare themselves financially for the possibility of divorce.

In this chapter I address some of the problems both sexes are likely to face after divorce, discuss how best to deal with these problems and tell you what can be done to avoid them.

If you are contemplating divorce, it is important that you take certain steps before filing to help minimize any potential financial damage the change in marital status may cause, including:

- Make sure you have good credit separate from your spouse. If you do not, delay your divorce until you can get some credit and a bank account in your own name. For advice about building individual credit, read Chapter 7.
- Pay all mutually shared bills and credit card debts from joint funds. That way you do not risk the possibility of their becoming your own debt to be paid out of your own income once you divorce.
- If you already have either joint or individual credit, obtain a copy of your credit record from each of the big three and address any problems you may find.
- If some of the accounts in your credit file are joint accounts with negative histories, and if the adverse information is the fault of your soon-to-be-former spouse or the result of circumstances beyond your control, prepare a written explanation of the reason/s for the negative information, and ask the credit bureau to make this explanation a permanent part of your credit history. Doing so may help disassociate you from the account's problems. It is also a good idea to attach the same explanation to any credit applications you complete.

If you have a lawyer or a financial advisor you trust, talk with them about what you should do to prepare for the change in your marital status.

Should your spouse file for bankruptcy while you are in the process of divorce, it is likely that the divorce proceedings will be stopped until the bankruptcy is completed. During this time, talk with your lawyer about how to minimize the impact of your spouse's troubles on your financial situation.

Accounts

Creditors consider spouses with joint accounts to be equally liable for those

accounts. Because of this, it is very important that you cancel all joint accounts as soon as possible. If you do not, you run the risk that you will be liable for making payments on account balances that your former spouse ran up and cannot pay. Furthermore, if your spouse is late making payments on joint accounts or defaults on those accounts, that adverse information will be reflected in your credit record as well as in your spouse's as long as those accounts are open. You may then be faced with having to rebuild your own once-good credit.

Close joint accounts by writing to each creditor and indicating that as of the date of your letter you will not be responsible for any charges your spouse might run up.

When you get ready to close your joint accounts, remember that if you want individual credit with the same creditors, they have the right to require that you reapply for the credit if your joint accounts were based on your spouse's income. If the accounts were based on your income, however, or if either of you could have qualified for the credit at the time of application you will probably not be required to reapply.

Avoid negotiating a divorce agreement that allows your spouse to maintain your joint accounts in exchange for paying off the outstanding balances on those accounts. Remember, as long as those joint accounts remain open-whether you use them or not you will be legally liable for them regardless of what your divorce agreement says.

Divorce

A spouse who divorces and does not have separate credit in his or her own name is in a very vulnerable position. If the joint accounts are kept open, the consumer risks becoming liable for an ex-spouse's debt. If all joint accounts are closed or if the consumer no longer is removed from an authorized user account, the consumer may be left without ready access to credit at a time when credit can be especially valuable. However, if you have your own credit identity separate from a former spouse, access to credit should be generally unaffected by a divorce-except in the case of joint account problems. As was noted in the section on widowhood in Chapter 7, creditors cannot deny a consumer who shared accounts with a former spouse continued use of those accounts, nor can creditors change the terms of

credit simply because of a change in marital status. Creditors can, however, require that you reapply for that credit if you would not have qualified for the credit on your own at the time application was first made. In marriages where there is a significant disparity in earnings between spouses and the spouse with the smaller income shared accounts with the other, the person making less money risks losing the credit.

If you reapply for credit once held jointly or apply for completely new credit, potential creditors cannot discount or refuse to consider non-job income such as child support and alimony. However, they do have the right to request that you prove the reliability of these sources of income and can deny a person credit if they judge the income sources to be unreliable. If you will be relying on non-job income to help you qualify for credit, it is a good idea to collect and save any documentation you may have that supports the reliability of that income. Such documentation might include: canceled checks, legal documents such as your divorce agreement, a notarized letter from your ex-spouse, bank deposit slips, etc.

In evaluating your credit-worthiness, creditors also must consider the credit history of a former spouse if you can demonstrate that your former spouse's history reflects your history too. If that credit history is positive and if you have no individual credit and never shared credit with your former spouse, you may want to use this provision to build your own credit record. However, as we indicated in Chapter 7, this is a long shot.

To demonstrate that a former spouse's history reflects yours, you may be able to provide copies of checks you wrote to pay on accounts, letters you may have written to creditors regarding accounts, etc. If you are on good terms, you @ may want to ask your former spouse to write a letter to the potential creditor on your behalf.

If you are a woman and take back your maiden name after a divorce, be certain to let your creditors know. Ask them to begin reporting accounting information to credit bureaus in your new name. Then wait a couple of months, and check your credit record again to make sure that your creditors are reporting correctly to credit bureaus.

Bankruptcy after Divorce

In today's economic times, it is not inconceivable for your former spouse to file for bankruptcy. Bankruptcy law may wipe out debt that your former spouse owes you as part of your divorce agreement, but it does not cancel alimony and child support obligations and does not wipe out tax debts. A bankruptcy can make it difficult for your former spouse to make payments, possibly pushing you into bankruptcy too.

Consumers living in community property states face additional problems. In those states, both parties in a marriage are jointly liable for any debts that were incurred during that marriage whether those debts were acquired individually or together. That means that if a former spouse, as part of a divorce agreement, promises to pay off all debt from a marriage and fails to live up to that agreement, creditors have the legal right to expect payment from the other party in the now dissolved marriage.

In such a situation, you have two basic options-pay off the debt and try to save your own credit history, or file for bankruptcy. If you want to pay off the debt, and if those financial obligations are sizable, it is advisable that you try to negotiate a payment schedule with each of your creditors.

To arrange a workable payment plan, contact each creditor directly-by letter, telephone or in person. Tell your creditors what your situation is. Explain that you would like to meet your obligations but your income is such that you will need to work out a schedule of mont that can afford.

If you do not feel comfortable initiating these negotiations, schedule an appointment with a counselor at the Consumer Credit Counseling (CCC) office nearest you. CCC counselors are professionals, have a lot of experience in creditor negotiations and are well respected by most creditors.

Do not opt for bankruptcy without giving it a lot of serious thought. A bankruptcy will remain on your credit record for up to ten years and will make it even more difficult for you to build a positive credit record. Before you make a decision regarding bankruptcy, talk with a CCC counselor so that you understand all the ramifications of that step, and make sure that all other options for dealing with your problem have been exhausted.

Federal Laws Concerning Credit

The Fair Credit Reporting Act (FCRA)

Guarantees your rights regarding your credit file. If you are turned down for credit due to a credit report, you can learn the information in it from the credit bureau at no cost. Otherwise, disclosure of the information in your file by a credit bureau involves a fee. While correct information cannot be changed, you have the right to dispute incorrect information in a credit report.

The Equal Credit Opportunity Act

Requires that credit grantors extend credit fairly and without considering race, color, religion, national origin, sex, marital status, or age (with certain exceptions). If you are turned down for credit you are entitled to the specific reasons for the creditor's action.

The Fair Credit Billing Act

Says that if you receive a billing that you feel is incorrect and you notify the creditor within 60 days, the creditor must either correct the bill or send you an explanation within 90 days.

The Truth in Lending Act

Requires credit grantors to tell you what using credit really costs (like interest rates, minimum monthly payment, etc.).

The Fair Debt Collection Practices Act

Prohibits harassment by debt collectors and requires that they verify for you the amount owed.

Your Liability for Fraudulent Credit Card/Debit Card/Cash Machine Card Charges
Is limited under certain circumstances, but continues until you notify the card
issuer of your cards' loss/theft.

Cease and Desist Letter

Arthur Ball
323 Elm St.
Hayfield, NY 12117

February 14, 1994

Attn: Mr. D. B. Smith

North American Collections Specialists
1313 Main Street, Suite 500
Hayfield, NY 12116

RE: Mastercard account #5419 1254 5778 9101

Dear Mr. Smith:

Greetings!

You are hereby notified under provisions of Public Laws 95-109 and 99361, also known as the Fair Debt Collection Practices Act, that your services are no longer desired.

1) You and your organization must CEASE & DESIST all attempts to collect the above debt. Failure to comply with this law will result in my immediately filing a complaint with the Federal Trade Commission and this

state's Attorney General's office. I will pursue all criminal and civil claims against you and your company.

2) Let this letter also serve as your warning that I may utilize telephone recording devices in order to document any telephone conversations that we may have in the future.

3) Furthermore, if any negative information is placed on my credit bureau reports by your agency after receipt of this notice, this will cause me to file suit against you and your organization, both personally and corporately, to seek any and all legal remedies available to me by law.

Since it is my policy neither to recognize nor deal with collection agencies, I intend to settle this account with the original creditor.

Sincerely,

Arthur Ball

AB:lr

Bill of Rights

Trans Union Rights:

1. The right to know what is in your credit file and to receive a copy of that report with proper identification.
2. The right to receive credit file disclosures during normal business hours and on reasonable notice (1) in person. If you appear in person and furnish the proper identification, (2) by telephone. If you first make written request with proper identification and pay for any toll charges, or (3) by any other reasonable means available to the credit reporting agency and authorized by you. For in person disclosure you may be accompanied by one other person of your choosing, although you may be required to furnish written permission for your credit file to

be discussed in the other person's presence.

3. The right to receive a free credit report within 30 days (per the Fair Credit Reporting Act) of being denied credit or employment based on information in a Trans Union report . Trans Union's current policy provides for a free report within 60 days of denial.
4. The right to request re-verification of information in the file and to have it removed if inaccurate or unverifiable and to have those results sent to anyone who has received your credit report within the past year or two years, if for employment, if you so request.
5. The right to receive the results of the investigation of disputed information within five business days following the completion of the reinvestigation.
6. The right to have the credit reporting agency review all information you submit which is relevant to the disputed information.
7. The right to receive written notification within 5 business days from the credit reporting agency when information you disputed is deleted from your credit file because it could not be verified, but is subsequently found to be complete and accurate and is reinserted into your credit file.
8. The right to know who has received your credit report within the past six months or in the last two years, if for employment purposes.
9. The right to add a statement of 100 words or less to your Trans Union credit file to explain any disputed information.
10. The right to have your credit report only accessible to those entities with a permissible purpose.
11. The right to request the credit reporting agency to provide you with a description of the procedure used to determine the accuracy and completeness of the information disputed, including the name, business address, and telephone number of the person contacted during the reinvestigation.
12. The right to have adverse information removed after seven years (or the time period upheld by your state's legislation) from the date of delinquency charge off or placement to collection (including successfully completed chapter 13 bankruptcy) or after 10 years from the date of filing chapter 7, 11, 12 or 13 bankruptcy.

13. The right to have your name and address removed from any direct marketing solicitation which uses data from a credit reporting company.
14. The right to bring legal action against a credit reporting agency for the failure to comply with its obligations under the Fair Credit Reporting Act, if you do so within two years after the agency fails to comply. You have the right to recover an amount equal to actual damages sustained by you, as well as costs of the action plus attorney's fees.

Letter No. 1

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax

(Addresses are provided on page 3)

To Whom It May Concern:

Recently I received the enclosed denial for credit notice which was based, at least in part, on the information you provided in regards to my credit profile. I am requesting that you submit to me a full copy of my credit report along with any special instructions I may need in order to understand that report. It is my understanding that according to The Fair Reporting Act that there is no charge for this service based on the denial. I have maintained a copy of the denial notice as well as this request for my files.

Thanking you in advance for your prompt attention to this matter.

Sincerely,

(signature)

Your full name

Enclosure

Letter No. 2

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax
(Addresses are provided on page 3)

To Whom It May Concern:

Enclosed you will please find the required fee for me to obtain a copy of my credit report as it is maintained by your agency. At the time you submit my credit report to me at the above address, instructions or guidelines on how to properly interpret the report are also requested.

Your prompt attention to this request is greatly appreciated. The remittance in the form of a money order instead of a personal check should assist you in a speedy reply.

Thanking you in advance.

Sincerely,

(signature)

Your full name

Enclosure

Letter No. 3

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax
(Addresses are provided on page 3)

To Whom It May Concern:

Recently I have reviewed my credit profile as reported by your agency and noticed that there are some items which are incorrectly reported. A copy of my credit report is attached with each discrepancy numbered. The objections to these

items are stated below.

I have full knowledge of The Fair Credit Reporting Act as well as my rights as a consumer. Please review my credit profile and delete the items mentioned below.

1. VISA: This account should read as current and not a chargeoff. I have never been past due on this account.
2. FORD MOTOR CREDIT: This account is not a repoe. My father has the same name as I do with the exception of the Jr. Perhaps the files are mixed up due to the similarity in names. I have never been late with my payments to Ford Motor Credit.
3. RECOVERY SERVICES U.S.A.: I have never been notified that I had an item in collections. Collection law states that a collection agency must give me an opportunity to dispute or pay a debt prior to it being reported.

Thanking you in advance for your prompt attention to this matter.

Sincerely,

(signature)

Your full name

Enclosures

Letter No. 4

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax
(Addresses are provided on page 3)

To Whom It May Concern:

Recently I wrote you in regards to erroneous reportings on my credit file. At that time I enclosed a copy of my credit report as well as a written explanation of the items that were incorrect. To date I have received no response from your office in regards to this urgent matter. The Fair Credit Reporting Act allows you ample time to review my report as well as make any corrections. Again, I am enclosing a copy of my credit report as well as a copy of my initial correspondence to you that describes in detail my disputes.

I, respectfully, request you give extra care to this matter as it is vital. As you are surely aware, credit is important in today's world and I feel that I deserve to have the courtesy of correct reporting.

Thank you for your attention to this matter.

Sincerely,

(signature)

Your full name

Enclosures

Letter No. 5

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax
(Addresses are provided on page 3)

To Whom It May Concern:

I am in receipt of your letter in regards to the investigation of erroneous reportings to my credit profile and I must strongly disagree with your findings. You obviously have not verified the legitimacy of these reportings. In accordance with The Fair Credit Reporting Act if a company is not able to prove the account was delinquent in a certain amount of time, you must remove it. Again, I am enclosing a copy of my credit report as well as a copy of my original letter listing my disputes.

I anticipate the arrival of my corrected credit report shortly. I appreciate your cooperation in this matter.

Sincerely,

(signature)

Your full name

Enclosures

Letter No. 6

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax

(Addresses are provided on page 3)

To Whom It May Concern:

In accordance with The United States Congressional Code, Title 15, Par. 1681, Page 946, if after reinvestigation of the credit profile, such information is found to be inaccurate or the creditor cannot prove incorrectly reported information, you shall promptly remove and delete such information. I say this because after corresponding with you for quite some time and supplying you with numerous copies of my credit report and a list of disputes, you are still incorrectly reporting items on my credit profile.

Enclosed you will find, for the last time, another copy of these items. If you do not act in accordance with the law and delete these items from my credit profile, I

will be forced to ask my attorney to step in and assist me in this matter.

Your cooperation is greatly appreciated and anticipated.

Sincerely,

(signature)

Your full name

Enclosures

Letter No. 7

Date

Your Name

Your Address

Your Social Security Number

Your Date of Birth

TO: T.R.W. (or) Transunion (or) Equifax

(Addresses are provided on page 3)

To Whom It May Concern:

I am in receipt of your notification to me that your investigation of the disputed items on my credit profile has been completed and I must strongly disagree with your findings. Please provide me with the name of the individual that you corresponded with at each of the creditors in dispute as well as an address and phone number where they can be contacted. A copy of the findings of your investigation is also requested. I feel that if an actual investigation of these items had been performed, your findings would be much different.

Once again I will extend you the courtesy of enclosing a copy of my earlier correspondence that outlines my disputes as well as another copy of my credit report. Quite a period of time has elapsed since I first began communicating with you in regards to this matter, as you can see by the original date of my letter. I feel that ample time has been provided to you in order for you to comply with the law. Your continued failure to disregard this matter will be answered by my attorney.

Please handle this as promptly as you can. I continue to appreciate your efforts in regards to this matter and look forward to hearing from you in the very near future.

Sincerely,

(signature)

Your full name

Enclosures

State Attorney General Letter

Date:

Consumer Protection Division

State of _____ Attorney General's Office

To Whom It May Concern:

I am being harassed by several debt collection agencies and request that you immediately send to me all of the appropriate forms so that I may file a complaint with your agency about violations of the following two federal laws.

The Fair Debt Collections Practices Act

The Fair Credit Reporting Act

I am sure the actions of these debt collectors must be in violation of various state consumer protection law statutes as well. Please send me the necessary paperwork so that I may take action against these individuals and their companies.

I look forward to your prompt reply.

Sincerely,

[REDACTED]

Some credit repair firms are easy to spot; others can be more difficult to identify because they may market themselves as financial counseling and advice companies. To help prevent you from getting duped, here are some sure signs of a credit repair company:

- The company's advertising and literature make impossibly extravagant promises such as: 'We can wipe out bankruptcies and other negative information in your credit record.' Or, ' We can get you credit no matter how bad your credit history.'
- The company says it will use 'little known loopholes' in the FCRA to rid your credit record of negative information.
- The company claims that it can get you a major bankcard despite your credit record.

Credit repair firms use a wide variety of techniques to market their services to consumers. These techniques can include fliers distributed in parking lots and posted on telephone poles, television advertising, direct mail and telemarketing. Credit repair firms that use direct mail or telemarketing techniques often develop their target lists of consumers from court records of people who have filed for

bankruptcy.

Regardless of the specific technique a credit repair firm uses to interest a consumer in its services, its goal is to get that consumer either to call a telephone number to learn more about its services or to schedule an appointment with a representative of the firm. Despite their claims and promises, credit repair companies cannot do anything you can't do yourself for little or no cost under the terms of the FCRA. That law gives you the right to have inaccurate or outdated information deleted from your credit records as well as the right to have inaccuracies corrected. Although patience and persistence are often required when dealing with a slow-to-respond credit bureau, an expenditure of your time to resolve credit record problems is far preferable to paying a credit repair firm a lot of money to accomplish little or nothing.

Accounts Receivable: credit extended by any person or company to another (normally unsecured) with usual repayment terms requiring a monthly payment to amortize the balance owed.

Amortize: To liquidate or reduce an amount owed through a series of payments.

ANI: See Automatic Number Identifier.

Attorney: A legal agent authorized to appear before a court of law as a representative of a party to a legal controversy.

Automatic Number Identifier: The ability of a company to identify an 800-number caller's name and address. Every time a consumer calls one of these toll-free 800 numbers, there is a record of that call; the debt collection community frequently uses this to locate a consumer's home or business location after they have gone underground. (Use pay phones!)

Bad Debt Expense: An accounting category reserved for debts deemed uncollectible.

Bankruptcy: A legal maneuver allowing consumers or businesses to discharge all debts and liabilities. The actions of most debt collection agencies force consumers into bankruptcy instead of settling outstanding accounts.

Blackmail: Any payment induced by or through modulation, by use of threats of injurious information or accusations. (A technique frequently used by unethical debt collection agencies.)

Bulletproofing: Insulating yourself from financial adversaries such as creditors, debt collectors, attorneys, etc. Simple techniques include obtaining an unlisted phone number and post office box to more advanced maneuvers such as use of family trusts, corporations, etc.

Cease-Commed: Term used, by the debt collection industry to describe the status of an account. When a consumer has cease-commed a debt collector this means that they have invoked federal law by sending a Cease & Desist letter via certified mail, forcing the debt collector to cease collection activity of that account.

Certified Mail: Specialized postal service technique utilized to track delivery and obtain proof of delivery of letters or packages.

Chapter 7: A consumer bankruptcy filing that liquidates all non-exempt assets to pay off creditors.

Chapter 12: Bankruptcy filing reserved for working ranches, farms, etc.

Chapter 13: A type of consumer bankruptcy filing that allows the consumer to pay off creditors within a specific time period, no longer than five years. Also referred to as a "wage earner" plan.

Chapter 20: Ploy used by some bankruptcy attorneys to delay a foreclosure of real property by filing a Chapter 13 petition, then quickly converting the filing to a Chapter 7.

Charge-off: A creditors action taken on an uncollectible account. Alternative term used: Written Off To Bad Debt Expense. This action normally results in negative information lines on a credit report that can stay for at least 7 years. (Also see uncollectible)

Class-action lawsuit: A legal action initiated by 3 or more parties against a defendant. Many suits in this category are initiated by state or federal attorneys.

Coercion: Exercising force to obtain compliance. A favorite technique employed by debt collectors and attorneys representing creditors.

Commission: A sum or percentage paid to a person for his successful completion of services.

Consumer Credit Counseling Service (CCCS): A nonprofit organization that sells itself to the American public as the last hope for consumers buried in debt. The reality is that they are actually debt collectors for the original creditors, a fact that seems to be routinely shuffled aside and not disclosed to the consumer.

Consumer literacy test: A test proposed by the author to be given to high school students to determine competency in basic consumer skills. These skills include how to open checking and savings accounts, how to balance a checkbook, how to create/follow a budget, how credit cards work, a brief understanding of insurance, etc.

Contingency basis: A fee paid to a third party for their involvement in either a legal proceeding or debt collection. This fee is normally paid only when a successful outcome to a legal proceeding or debt has been collected, either in part or in full.

Credit grantor: Companies or individuals that extend financing to consumers. A credit grantor can be a mortgage company willing to finance a house, a bank willing to finance an automobile, or a major national credit grantor willing to extend credit through the issuance of a charge card such as Visa, MasterCard or Discover.

Credit manager: Individual that oversees the lending department in a bank, department store or other credit-granting entity. Many times this individual will work closely with the collections manager to develop collections strategies for past due/bad debts.

Credit record: National grading system filed by subject's name, birth date and social security number. Major companies providing these services include TRW, TransUnion and Equifax.

Credit repair manual: Derogatory term used by the credit reporting industry for any books that may show consumers the inside information about their industry.

Criss-cross: A directory, also known as a City Directory, that is frequently used by

the debt collection community to find out information about a debtor's neighbors. One section lists households and businesses by street address; another lists all telephone numbers by exchange (in numerical order) and to whom each number is assigned. A powerful tool of information intimidation utilized to put fear into unwitting consumers.

Databases: Term used to describe the enormous pools of information managed by computers. Creditors and debt collectors will access national credit databases managed by companies like TRW, CSC/Equifax, TransUnion, etc.

Debtors' havens: Term that refers to states such as Texas and Florida which have liberal laws protecting debtors from creditors.

Deceptive forms: Another trick of the debt collector trade, these forms can take on a variety of intimidating looks-from threatening (but non-binding) documents that appear to have been issued by a court of law to demand letters that look like something issued by the IRS. Of course they're illegal ... you don't think that will stop the debt collectors from using them, do you?

Deed in lieu of foreclosure: Technique used with mixed results by consumers unable to continue making payments on their homes. Sometimes lenders will allow debtors to deed the property back to the lender instead of suffering through the embarrassment of a foreclosure sale on the courthouse steps.

Deep discount: When a creditor sells Accounts Receivable or Bad Debts at an amount normally less than 50% of the outstanding balance.- Many times these sales are made to companies that specialize in buying these types of "dead assets."

Defaulted student loans: Loan made to students to attend secondary educational institutions at low interest rates. These loans were guaranteed by the federal government as an inducement to banks to make these loans but as a result, were poorly researched before being made. Over \$13 billion of these loans exist and are now owned by the U.S. government. Revised laws now enable consumers to restructure these loans. Contact the Department of Education in Washington, DC.

Deferment: Contractually agreed-to period of time a borrower is allowed to suspend payment on a debt. Usually applies to student loans and suspends the accrual of interest or late fees on the outstanding loan balance.

Deposition: Sworn statement made in the presence of a court reporter

(usually) as a result of questions posed by attorneys in court (or post judgment) action. These statements are normally made outside a court of law, but are fully admissible during trial and fully binding under perjury statutes.

Discharged: To relieve of obligation, responsibility, etc. Common term used in bankruptcy court to describe the process of eliminating debtor obligations.

Discounts: Selling Accounts Receivable or Bad Debts at an amount normally in excess of 5 1 % of the outstanding balance. Many times these sales are made to companies that specialize in buying these types of "dead assets."

Dispossession of property: Taking away property against the owner's wishes, normally as a result of non-payment.

Erroneous information: False, misleading or incorrect data. Frequently found in consumer medical or credit files across America.

Exempt assets: Assets not at risk of being seized or forfeited as a result of legal action.

Financial management: Technique used to balance income vs. expenses.

Responsible financial management usually results in an excess of monies available. (This style of managing finances has yet to be mastered by the United States Government.)

Flaky loans: Questionable loans made by banks in the 1980s such as student loans or land development loans. (see defaulted student loans)

Fraudulent activity: Transaction designed to swindle consumers or creditors, normally cheating these groups out of goods, services or assets. (see sign of the beast)

Freebie report: A copy of your credit report given to you at no charge for one of two reasons ... every consumer gets a free report from TRW just for asking and every consumer gets a free copy of their credit report if they have been declined credit.

Getting bulletproof: The process of insulating a person from lawsuits, garnishments, creditor intrusion and harassment. Popularized in Texas during the late 1980s ... now being utilized by consumers/business people in California and the East Coast.

Hired gun: The hiring of third party debt collectors or attorneys to emotionally pummel a consumer in hopes of collecting an overdue account.

Hot checks: Drafts on a bank account that will be or have been returned by the bank for insufficient funds to pay face amount of check issued.

IRS refund offset program: Effort initiated by the Department of Education to recover defaulted student loans by seizing the tax refunds of consumers with the assistance of the Internal Revenue Service.

Interrogatory: Sworn statement made in writing as a result of a list of questions/inquiries by attorneys in court (or post judgment) action

Intimidation: Inspiring or inducing fear (a favorite tactic of debt collection agencies).

Knee Breaker Collection Agency: Generic name used to describe a collection agency that may use techniques that are not endorsed by the American Collectors Association or deemed legal by the federal government under the Fair Debt Collections Practices Act. (see Vito)

Lawyers: (see Attorneys)

Leverage: A negotiating position of strength; something creditors may have, debt collectors never have, and consumers almost always have.

Mail drops: Companies like Mailboxes, Etc. and others who provide a valuable service to consumers wanting to distance themselves from intrusive individuals such as debt collectors. Allows a new mailing or street address to be instantly created by consumers trying to insulate their lives.

Medical bills: The number-one reason consumers have been filing for bankruptcy, medical bills many times can be appealed or negotiated with the original provider. It is not uncommon to be grossly overcharged or mis-billed for medical services, so it's important for consumers to be aggressive when auditing these statements.

National Foundation For Consumer Credit: Parent organization for CCCS. (see Consumer Credit Counseling Service)

Negative information (or remarks): Statements or grades assigned on credit reports due to late payment, non-payment or default on debts owed to creditors.

Bankruptcies and liens also show up under this category. Favorite point of leverage utilized by collection agencies attempting to passively blackmail consumers.

Nine-Digit Zip Code: Increasingly becoming a powerful tool for skiptracing, the 9-digit zip codes allow specific location (if a current address can be located) of a consumer, courtesy of the U.S. Post Office. (Another compelling reason to utilize post office boxes or mail drops.)

Non-dischargeable debt: Debt that cannot be eliminated through bankruptcy court. Some types of IRS debt, student loans and certain types of judgments fit into this category.

Old debt: Debt that has been charged off/written off by a creditor, normally referred to an outside 'third party" collector. Old debts are usually those debts/accounts that have not had charge or payment activity for over 2 years and are the easiest to negotiate payment/removal from credit reports with creditors.

Open account: An account with a creditor that is still on the books and, in the opinion of the original creditor, collectible. These types of accounts usually are reported/updated to the credit bureaus and report late payments. They can be the most difficult to negotiate with a creditor.

Oxymoron: A term that contradicts itself, such as "jumbo shrimp" or "military intelligence" or "ethical debt collector" or "reasonable legal fees."

Paid As Agreed: Old term used on consumer credit bureau reports to describe an account that may have been renegotiated and/or settled for less than the full amount. Many creditors are now flagging these notations as negatives, so it's important that your creditor agrees to delete all information regarding a settled account, not just re-classify the account as "paid as agreed."

Paralegal: Vague title used (and abused) by many debt collectors to misstate level of power, prestige or might. Threats of lawsuits and jail time are frequently used by people espousing to be "paralegals".

Password: An identifying word or code that consumers may set up with the phone company and other service providers that allows only authorized individuals access to information concerning an account. Unprotected accounts are frequent targets by the debt collection community in order to obtain additional information

about a consumer.

Positive identification: A means to identify without a doubt the identity of a consumer wishing to obtain a copy of their credit file. A check and balance designed to keep unauthorized people from gaining access to your information.

Postdated check: A check with a date in the future, a technique utilized to connote a person to make payment after the date written on the check. (Something a consumer should never, ever give to a debt collector.)

Profit & Loss Statement: A valuable accounting function that shows a reconciliation of all gross income and expenses to offset the same, arriving at a net profit (or loss) figure.

Prospective creditor: A credit grantor that has not yet agreed to loan/lend monies for the purchase or a home or automobile, or through the issuance of a credit card.

Public records: Another terrific source of information tapped into on a regular basis by the debt collection community, in an attempt to gain insight into a debtor's activities or current location. Favorite records to be studied by the debt collectors: Divorce records, property records, tax information and motor vehicle records.

Red ink: Term used to describe losses sustained by any financial entity. When individual consumers drown in red ink they may end up filing for bankruptcy; when the U.S. government engages in this financial activity it holds another treasury note or bond auction.

Regulatory agencies: Any agency empowered by either local, state or federal authorities to enforce civil laws, such as the Federal Trade Commission.

Reply card tracer: Used by Postal Service to track down return receipts that never returned to verify delivery of parcel.

Re-prioritize: The resetting, of priorities in one's life, usually due to a dramatic change in circumstances. Sometimes a necessary first step toward solving one's financial problems.

Return receipts: When a letter is sent by Certified Mail, this receipt (green card for domestic mails/pink card for international) give the sender a record of who actually received/signed for letter or package sent.

Revolving charge card (or credit line): Commonly issued by major department stores and major banks, it requires a monthly payment sufficient to amortize the outstanding balance. Example: If consumers pay only the minimum balance on a \$10,000 credit card and do not use the card for any additional purchases, it will take over 25 years to amortize/pay off the debt.

Risk free: A concept used in lending to describe the risk vs. return of certain types of consumer/business loans. Also refers to overdraft protection checking accounts at the House of Representatives bank in the 1980s.

Roll over: What many consumers do when dealing with credit bureaus or collection agencies, giving up without a fight. Also used to describe the apathy displayed by most Americans when asked about their input in the law making/enforcement process or budgetary responsibility of congress.

Scam: Fraudulent plan or scheme designed to separate a consumer from their money without delivering on promised goods, services (training) or value.

Scoring system: A tool used by prospective lenders to grade the credit-worthiness of a potential borrower.

Secured creditor: Creditor whose financial position is secured by real property, such as a bank or finance company with a lien on an automobile or a mortgage company secured by the house they financed. In the event of default the secured creditor can repossess or foreclose on the property they financed, greatly reducing their chance of total loss exposure.

Secured credit card: A major national credit card (normally Visa or MasterCard) that has a credit limit secured by a cash deposit placed with the issuing bank by the cardholders. A positive recovery step for consumers who have gotten into credit problems but need a credit card in order to get a hotel room, a rental car or other business/travel-related activities.

Sign of the beast: A reference to Satan in a passage from the Revelations chapter of the Bible; also used as a derogatory term describing debt collectors and some attorneys.

Skip and skiptracing: Technique used by creditors and collection agencies to find consumers that are suddenly difficult to locate (skips). No magic here, just instant access to enormous databases containing a variety of information that, in most

cases, will lead the debt collectors to your new front door.

Snake oil: A negative term used normally by an individual to discredit another. Refers to selling or promoting something that falsely claims inflated results or expectations. (A favorite term of the American Collectors Association, a trade group representing debt collectors across the U.S.)

Social security number: A nine-digit number issued by the Health and Human Services Administration to identify Americans for future social security benefits. This number has evolved into the years as a national identifier for Americans, a serial number now used for referencing credit information files, military and school records, etc.

Telephone recording device: A \$20 device sold by national electronic retailer Radio Shack that allows consumers to tape telephone conversations for later review. A great equalizer when being harassed by a debt collector who thinks he's above the law.

Tele-terrorist: Term coined by this author to describe today's debt collectors who use the telephone or telefax to threaten, intimidate or coerce consumers into making (more) poor financial decisions.

Third-party debt collector: Collection agency or attorney engaged in the business of collecting debts that they did not originate. Usually taking these accounts on a contingency basis, the majority of these collection agencies work on a commission basis. The Fair Debt Collection Practices Act specifically regulates the activities of this type of collection agent.

Threats: An indication or warning of probable trouble, often illegally used by debt collectors. (see debt collectors or Vito)

Time-Value of money: A concept used by a large number of groups involved in money and finance. When relating to the debt collection business, it's an accepted fact that the longer an account goes without payment or reduced payments, the lower the chances of collecting the entire amount.

Trial by fire: Term used by individuals, often average consumers, who have acquired "street smarts" by dealing directly with their financial problems. These individuals frequently include graduates from the "school of hard knocks."

Uncollectible: Term used by creditors to describe an account that has gone past a

certain period of time without payment, usually at least 6-9 months.

Underground: Another term commonly used for someone who has dropped out of sight or "skipped." Usually the result of incessant threats and phone calls from unethical debt collectors.

Unscrupulous tactics: Any number of techniques used by debt collectors in order to collect money on overdue accounts from unsuspecting consumers.

Unsecured creditor: Creditor who has no collateral covering their financial exposure. Almost all credit or charge cards fit into this category. The weakest position to be in during tough financial times, unsecured creditors are the largest employers of third-party debt collectors.

Vito: Name used to describe any individual in the debt collection industry who may use techniques that are not endorsed by the American Collectors Association or deemed legal by the federal government under the Fair Debt Collections Practices Act.

Vocational school: Non-traditional institution of higher learning designed to train students in job skills as opposed to educational degree plans in specific areas of study. Vocational schools can graduate students in 6- to 24-month course studies as opposed to 48 months in traditional colleges/university programs. This type of school is coming under increasing scrutiny by the Department of Education.

Wage-earner plan: Alternate term used to describe a Chapter 13 bankruptcy. This plan allows consumers to pay off creditors over a period not to exceed five years.

The debt collector is very good at using all the information at their disposal to intimidate you. These intimidation techniques generate collections, and in turn big commissions, to the debt collector. Skiptracing is the term used to track down debtors who have dropped out of sight or have unlisted their phone number and become difficult to communicate with. The debt collection industry classifies

these "skips," placing them into one of four categories:

- Unintentional skips
- Skips resulting from marital difficulties
- Intentional skips
- Skips with criminal intent

The "skips with criminal intent" are a very small percentage. Most people go "underground" for one of the other three reasons, and I'd like to add a fifth category. How about skips afraid of the size of the medical bills they're buried under? Let's not forget, medical bills have become the #1 reason Americans have been filing for bankruptcy in recent years.

Here are some facts that collection agencies don't want you to know, courtesy of that seminar I attended a few years ago:

- 1) One out of every five people move to a new address every year.
- 2) Up to 50% of all accounts collected by collection agencies require some form of skiptracing.
- 3) Skiptracing helps reduce/decrease bad debt losses.
- 4) Skiptracing helps the collection agency:
 - a) Locate the debtor in hopes of collecting.
 - b) Determine if the debtor is able to pay up.
 - c) Determine if other creditors are pursuing the same debtor.
 - d) Determine what the debtor's paying habits are.
 - e) Determine the stability of the debtor's employment.
- 5) Here's the magic question: Should the creditor or debt collector pursue the skip? These are a few guidelines they follow in making that decision:
 - a) Use good judgment (sometimes a rare commodity in this profession) and follow all state and federal laws.
 - b) Virtually every debtor can be located with sufficient time and expenditure of money.
 - c) Creditors must limit the amount of time and money spent in order to keep skiptracing costs in line with the size of the debt.

- d) Keep potential recovery in mind.
 - e) Skiptrace in order to locate someone who will pay the account, not just to gather information.
- Re-read items 5 c-e! These are extremely important points of the collection equation to remember. Creditors and debt collectors are NOT going to throw good money after bad. These people are not going to waste their time chasing and harassing someone if they think their chance of recovery is slim to none. Their time is money, too!

How They Found You?

Computers have sure made the debt collector's job easier, and made them more effective. But even with the assistance of computers and massive consumer data bases, the typical debt collector has a predictable pattern they follow to track down "skips. "

Here are the techniques the debt collection community uses to find anyone and everyone.

Location Information:

- a) The debtor's last place of residence.
- b) The last telephone number at that place of residence.
- c) The debtor's last place of employment.

Information To Be Developed/Co D On Steps

- a) The debtor's name, including the correct and complete spelling of the debtor's full name, middle initial, junior or senior, etc.
- b) The debtor's correct address, including correct street name, number and zip code (9-digit preferred).
- c) The debtor's previous address.
- d) The debtor's place of employment, including their occupation (remember, debtors usually stay within their trade or occupation).
- e) Debtors who are members of trade unions, schoolteachers, nurses, etc. are

- relatively easy to find if you can figure out where they may have moved to.
- f) Obtain information about debtor's position, length of employment, earnings, usual paydays, etc.
 - g) If you are dealing with a former employer, quiz them in order to obtain any references or find out if anyone else has made any inquiries since the debtor has left. Posing as a friend from "back home," high school or college is an effective ruse, as is posing as a relative.
 - h) Find out if the debtor rents, leases or owns property.
 - i) If the debtor does own any real estate, check public records (courthouse or tax rolls) for the name of the mortgagor.
 - j) Once you find out the mortgagor, you may be able to find out by contacting them directly who carries the insurance on the property-another potential wealth of information and leads.
 - k) If the debtor rents, find out the landlord or property management company's name, address and telephone number on-site property managers will talk in many cases.
 - l) Check to see if debtor owns an automobile or motorcycle through department of motor vehicle records. Obtain name, address and telephone number of company that financed or currently has a lien on the automobile.
 - n) Get out the crisscross directory. Former neighbors are usually a pretty good source of information. See next category for line of questioning.
 - o) Current neighbors: A terrific source of information! When does the debtor go to work? What time do they come home? What type of car do they drive? Can you get a license number? Do you know what they do for a living? Do they have any kids? Have you ever talked with them? What did they have to say?

Skiptracing By Mail

- a) Remember, a debt collection agency may not send correspondence through the mail that indicates the sender is a debt collector.
- b) The Post Office will search their records and give you the new address, if one exists, for \$1.00.

- c) The Post Office is also a pretty good source of information to get additional data on the debtor (if they rented) by tracing the 9-digit zip code. These 9 digit zips can supply more specific data that can be used for further tracing.
- d) Try mailing an empty envelope (with your return mailing address) to the last known address with the notation in the bottom right-hand corner
"POSTMASTER: FORWARDING AND ADDRESS CORRECTION REQUESTED If there is a forwarding address the post office will send this information to you for (currently) a \$50 fee.
- e) "RETURN TO SENDER" is your first sign of trouble and indicates your debtor is probably a skip.
- f) Carefully examine all returned mail that is undeliverable for clues.
- g) "NOT HERE" is a typical Post Office wording that indicates the debtor is no longer there.
- h) "NOT THERE" is not normally used by the Post Office and indicates it was probably written by someone still at that address.
- i) MOVED-NO FORWARDING ADDRESS" indicates the debtor is probably a true skip.
- j) FORWARDING ORDER EXPIRED" indicates the time limit for forwarding has run out (you may get lucky and check with the post office and get a copy of the forwarding order).
- k) "CERTIFIED MAIL/RETURN RECEIPT REQUESTED" is useful when you need confirmation of a piece of mail being delivered and also to verify who signed for it.
- l) "RESTRICTED DELIVERY" assures that the target debtor receives the mail. This is a premium service and costs extra.
- m) "FORWARD" will show the target debtor's new address if on file and will show the return item from the post office.
- n) "RETURN TO SENDER IF NOT DELIVERED ON FIRST ATTEMPT" is used if you are trying to keep from tipping your hand that you are searching for the target debtor. Without this instruction, your target will be able to claim the letter at the post office and will know that you're looking for them. In addition,

you still would not have a certified address.

Skiptracing By Telephone

- a) Making telephone contact is the most effective, fastest and cheapest method.
- b) Use good timing when contacting your informants in order to gain their maximum cooperation. Don't forget the time, place and type of person you are attempting to contact.
- c) Avoid calling early in the morning, when your informant is trying to get kids to school and themselves to work, or at dinnertime.
- d) Always leave a phone number (preferably toll-free) for informants to call you back.
- e) Identify your informant. Always know who you are talking to and verify their name and address.
- f) Identify yourself, stating only your name. Don't identify your employer, unless they specifically ask you to do so. If informant asks you to identify your employer, simply state the name of the original creditor (not your Collection Agency name).
- g) Tell your informant you need their help. Be courteous and friendly. Try to build a rapport with your informant immediately ... this will encourage them to respond.
- h) Under the Fair Debt Collection Practices Act (Public Law 95-109) you can only contact your target debtor at their place of residence, their place of employment or the telephone number you have on record.
- i) Use psychology on your informant. Silently wait for them to make the next move. Wait for them to respond. Be patient.
- j) Listen closely for information and leads. Analyze everything the informant says to you since they may give you leads to other sources of information.
- k) Analyze the informant's attitude. Be alert for inadvertent clues and listen closely for inconsistencies.
- l) Question your informant. Your questions may help turn up more information than the informant realizes they know. Limit your questions to acquisition of

location information. Be sure to phrase all of your questions in a positive manner. Sound confident that you have the right information, even though you may be attempting to bluff information out of your informant.

- m) Be prepared for any questions your prospective informant may have for you. You should try to structure all of your answers with a combination answer and counter-question of your own. This counter-question will usually prevent the informant from asking you any additional questions. If the informant should ask, tell them that you need to contact the debtor about a business matter.
- n) Close your call. As soon as you have all of the information you want or all you think you can get from this particular informant, end the call.
- o) Don't allow time for the informant to ask you too many questions. Take your information and end the call.

Additional Sources Of Information

- a) Old and new telephone directories.
- b) Criss-cross directories. One section lists households and businesses by street name and number; another section lists all telephone numbers by exchange and lists to whom that number is assigned.
- c) City directories. Information obtained by direct canvassing of the city by mail, phone and sometimes even personal contacts. Most residents of the city are included, even those with unlisted phone numbers. City directories are usually divided into four sections:
 - Business and professional firms
 - Names of residents and businesses listed alphabetically
 - Listing of households and businesses by street name
 - Telephone numbers (in numerical order) followed by the names and addresses of the person(s) or business(es) to whom the telephones are listed

Who Do You Contact?

- a) Go back through all/old files on debtor.

- b) Contact former or current neighbors.
 - c) Contact former or current friends.
 - d) Contact relatives.
 - e) Former employers.
 - f) Apartment managers or landlords.
 - g) Local stores, service stations, barber/beauty shops, restaurants or bars the debtor may have frequented.
 - h) Social services agencies.
- I) Schools, alumni associations, PFAS, etc.
- 

Don't ever allow tele-terrorists to bully you. The only way debt collectors that routinely break federal laws in the name of getting you to pay your bills are going to be stopped is by people like you putting your foot down.

There's nothing to be ashamed of, everyone has either experienced money problems themselves or known someone close to them who has. Whatever your situation may be, it's not going to shock your state Attorney General's office. It's not going to unnerve your regional Federal Trade Commission officials. They've seen it all and heard it all before.

They also know that consumers forced to endure these unscrupulous tactics at the hands of debt collectors are ashamed to admit to anyone, especially a stranger, that they're having financial difficulties ... and this pride keeps them from notifying the proper authorities.

They know how to scare you into doing what's best for them, not you. They know how to use the phone as a weapon. Some will insinuate, others will be much more bold. Threats of the sheriff showing up at your door. Threats of arrest at your

place of employment. Threats of getting the courts to turn over custody of your children, since obviously you can't handle responsibility.

These people recover money for their clients using whatever trick in the book that works for them. I'm not making this up. I've talked to thousands of consumers who have shared their horror stories with me.

But here's the good news: They can't do anything to you. They can't do anything more than, at the very worst, get a judgment against you. If they have security (like an automobile or home loan) they can always repossess the item you financed. In most states the creditor will be able to garnish your wages. But let's face it, you can't get blood out of a turnip. If you can't pay them, you can't pay them. It's costly to go to court. It's costly to get an attorney to jump through all of the hoops to garnish your paycheck. If you're self-employed, it's going to be tough for them to get you to garnish yourself. If you're in commission sales, it's just as difficult.

You should avoid letting it get to this stage at all costs. Take the debt collector out of the picture early and go back and deal with the original creditor.

Greed Drives The Collector

The debt collection industry thrives on greed. With revenues approaching \$80 billion, it's no wonder that the debt collectors around the nation are so aggressive.

Since most creditors assign their overdue accounts to debt collectors on a contingency basis, all it costs the debt collector is the time to call up debtors and scare the money out of them. A contingency basis means that the collector promises to collect on a "best efforts" basis. The creditor doesn't owe anything to the collector unless the collector collects. The collector doesn't earn any commission unless they are successful in collecting the debt. Therein lies the incentive . . . the more the debt collector collects, the more money they make.)

For this example we'll assume that your account is assigned to one of Vito's top debt collectors, a person by the name of Richard Head. Mr. Head has plenty of incentive to collect the account for Rody's Department Store ... about 250 reasons. If you were to repay the \$1,000 to Mr. Head at Vito's Collection Agency, this is how the money would be split:

\$500 given to Rody's Department Store (mgmal creditor)

\$250 kept by Vito's Collection Agency

\$250 given to Richard Head, Debt Collection Agent

If consumers across America fail to speak up and voice their displeasure with the system, we are all sentenced to suffer in a segment of society that's not only broken, but being looted by a bunch of punks that hide behind the telephones and doors of the debt collection industry.

You've got no excuse for not writing if your rights as a consumer are being violated. Federal Trade Commission offices are listed in the INFOBOOK. For your convenience, it also furnishes a sample complaint letter to the FTC. Use the same letter format to complain to your state's attorney general.

More importantly, follow up when you receive the FTCs standard complaint form. Follow up, document your complaint and push them to the point of resolution Or maybe not ... give it to a friend or relative.

"I'm Sorry, The Number You Have Dialed Is No Longer In Service "

The telephone. The greatest invention ever created in the eyes of the debt collectors across the country. The tool of location. The tool of interrogation. The tool of intimidation. The tool of tele-terrorists.

Why some people continue to answer their phone when they're heading towards difficult financial times never ceases to amaze me. This inanimate device that allows the debt collector into your home at any hour of the day or night is so easy to control.

STEP ONE: Change the number. I know it's obvious, but sometimes those are the things that elude all of us. Change the number immediately. Call the phone company and tell them you've been receiving obscene or harassing phone calls and you need the number changed at once.

STEP TWO: Before you hang up on your protectors of privacy at the phone company, tell them that you need the new number to be UN-listed and NON-published. Instruct them that you want your address to be UN-listed and NON-published as well.

STEP THREE: At the same time, be sure to give them your new mailing address.

STEP FOUR: Request a "password" on your account. Anyone calling in to the phone company posing as you or your spouse must know the password or they will not get information.

Don't forget: the debt collectors will call those people on your credit applications first, usually your family and friends, and weasel your new phone number out of them. Some are successful because they're great liars ... others are assisted by friends or family members that are either not clued in to what's going on or are, shall we say, "mentally challenged" in the area of common sense. Don't give those people a chance to break through your safety shield. Give them the voice mail number.

INFO TIP: If you should return a phone call to a creditor or debt collector, saving money and calling them back on their toll-free "800 number," beware! Any company that has an "800 number" and is in the business of collecting debts may frequently utilize a little-known fact about these numbers. Every time you call in to a toll-free number the phone company providing the service can provide their subscriber with an "ANI" listing. "ANI" stands for "Automatic Number Identifier," a technical way of saying that every time you call in on an "800 number" the party on the receiving end instantly (in many cases) knows the telephone number from which you're calling. American Express used to use this service extensively, in the name of high-tech customer service. An American Express cardholder would call in from their home and the operator who answered would say: "Good evening, Mr. Dover! What can we do for you this evening?"

Don't think your friendly debt collector would ever hesitate in using the same technology to find your new "unlisted" phone number. Be smart if you want to save money and communicate with your creditors. Use a pay phone. Hotel lobbies always have quiet areas where you can make your calls safely.

To avoid credit problems, it is imperative that all women educate themselves about credit and money management and establish and maintain their own credit, separate from their husbands. This means that single women with an established credit history should maintain their separate credit identity if they decide to marry. Similarly, already married women who share their husbands' credit should build a credit file in their own names with as few ties as possible to their husbands' credit.

Women often have difficulty developing their own credit histories, and have some of the special credit-related issues commonly faced by women and talk about how best to deal with those issues.

Opportunity Act

When building your own credit, it is important to know about the federal Equal Credit Opportunity Act (ECOA). Enacted in 1974, the ECOA was written to help ensure that among other things women are not denied access to credit simply because of their Women Have Problems with Credit.

Women Have Problems with Credit

Without a credit identity of their own, women who experience marital status changes are likely to have problems with credit. Credit-related problems tend to be the result of a number of factors including:

- The role women traditionally played in the American economy, their tendency to take their husbands' names and their reliance on their husbands to handle money matters, such as credit applications, loans, etc.
- The general lack of knowledge regarding credit reporting and how credit information is reported to credit bureaus.
- A lack of understanding on the part of both men and women regarding the importance of a woman having a credit history completely separate from that of her husband.

In the past, most women did not work outside the home, and consumer credit was acquired and maintained in the name of a woman's husband rather than in her

name or in both of their names. Although many women helped manage their household's finances-and in some cases even helped pay for their family's use of credit-most never developed their own credit identities. These women were financial nonentities in the eyes of creditors and the credit reporting industry. Today, increasing numbers of women have moved into the workplace, and two income households are the norm rather than the exception. Also, the federal Equal Credit Opportunity Act, explained in detail later, now makes it easier for women to obtain credit.

Despite these important changes, many women, like consumers in general, remain relatively uninformed about credit, credit bureaus and the credit reporting process. Women also tend not to understand the critical importance of having credit in their own names, and consequently, they do not.

However, in a society where many women delay marriage to establish their careers and wives tend to outlive their husbands, women cannot afford to remain financially naive and vulnerable. Women need to know how to manage their own money and credit whether they are single, married, widowed or divorced. If married, women specifically need to actively participate in the management of their family's finances and maintain or develop their own credit identities.

Women's Account User Status Designations

An important but often overlooked part of credit education is understanding the meaning of common account user status designations and why some user status designations are better for building credit than others. This knowledge is invaluable to the woman who wants to build a credit history in her own name.

Account user status designations indicate to creditors and potential creditors who can use an account and the degree to which each user is legally responsible for managing the account and making payments. Generally, the person who can use an account and the person who has payment responsibility are established at the time credit is applied for.

Many women do not understand that being listed as an authorized user on their husbands accounts does little to build their own credit identity. Nor do they understand that if all of their accounts are joint accounts-shared with their

husbands-these women risk losing that credit if they become separated, divorced or widowed.

Different account designations convey different messages about a user's responsibility for an account. Therefore, various designations will be of greater or lesser help to the woman who is trying to establish her own credit identity.

The most common account user designations and their effects on a woman's credit building efforts are summarized below.

- Authorized User Status. A woman who is listed as an authorized user on her husband's account has permission to use the account but has no legal responsibility for it. In other words, authorized user status indicates that a woman is relying on her spouse's earnings power to pay the account. Accounts with this status are of minimal value to women who want to establish their own credit identities.
- Joint User Status. If a woman has joint user status on an account, she and her husband can both use the account-and they legally share equal responsibility for account payments. Because there is shared responsibility, joint user accounts can help women build their own credit histories. However, joint user accounts also link a woman's credit history to her husbands. This means that if a woman's husband abuses a joint credit account, the adverse account information will appear in her credit history as well as his.
- Individual. If a woman's accounts are designated as individual, she has sole responsibility for payments and is the only person authorized to use the account. Women with individual accounts qualify for that credit without their husbands. Individual accounts place women in the strongest financial position if their marital status changes, since individual accounts do not link her use of credit or her ability to obtain credit to her spouse's income and credit history.

Property States

It is important for women living in a community property state to realize that they will not necessarily enjoy the benefits of separate credit and will be less able to insulate themselves from any money troubles that their husbands or former husbands may have. Community property states are:

- Arizona
- California
- Idaho
- Louisiana
- Nevada
- New Mexico
- Texas
- Washington
- Wisconsin

The Commonwealth of Puerto Rico also has community property laws.

In these states, husbands and wives are viewed as economic partners, and the earnings and property of each spouse are considered to be jointly held and controlled. Therefore, a husband and wife are equally liable for one another's debt, and credit grantors may take legal action against a wife's property to collect a debt her spouse incurs and does not pay and vice versa.

When a woman applies for credit in her own name in a community property state, the creditor may ask her marital status and request information about her husband-if he is going to be contractually liable for a debt or if she is relying on his income to help make the payments. However, if half of a woman's community property and income qualifies her for the credit she's applying for, her husband does not have to cosign even though the creditor still has the right to collect information about him.

If a woman living in a community property state posts property that is jointly owned by her husband and herself as collateral, a creditor may require that her husband sign on the note on the mortgage or deed of trust even if the woman will be solely responsible for repayment. However, a woman's husband cannot be required to cosign the bank note unless he is going to be specifically obligated to help repay the debt.

Separate States

Most states are separate property states where the credit history of a woman's

husband is irrelevant to her request for credit since by law she alone is responsible for making payments on any debt she incurs in her name. In these states, a husband is not required to cosign a credit application, and creditors are barred from asking about a woman's marital status.

Exceptions do apply when property is involved. When a woman wants to finance the purchase of property in her own name and she posts collateral, the creditor may require that her spouse cosign the note. (The same would hold true if the husband purchased property in his own name.) By having the spouse cosign, the creditor is ensuring that the property can be taken back and sold to recover its costs if one spouse defaults. A creditor also may require that a spouse sign a security agreement or a quit claim deed so that it can repossess the property should the owner spouse default.

For specific information about marital property rights in your state, contact the office of your state's attorney general or your state's office of consumer affairs.

Women's Individual Credit

Having good individual credit provides women several important benefits both in and out of marriage. First, if a woman's husband experiences financial difficulty and has trouble paying his bills or if he is a poor money manager and doesn't make account payments on time, her good credit will remain unblemished although his may be damaged. This would not be the case if the woman and her husband shared the accounts he was not paying on a timely basis.

Second, a woman with her own credit is better able to maximize her family's financial options and opportunities. This ability can be especially important if a woman's spouse gets into financial trouble, loses his job or becomes seriously ill and has to stop working. In such situations, a woman with her own credit will be able to provide her family with greater alternatives for dealing with difficult financial problems.

Third, as discussed earlier, women with their own credit identities will be better able to create a positive life for themselves after separation, divorce or widowhood.

When building credit, your ultimate goal should be to obtain individual credit in

your own name. Joint credit should be kept to an absolute minimum. Realistically, however, if you have little or no individual credit to start with, you initially may need to apply for joint credit with your husband as a means of building your file and then, once a good payment history is established on those accounts, use them to get individual credit. However, this approach should be pursued only if you feel absolutely confident that your husband will not abuse the credit, thereby damaging your credit history and his at the same time. Shared credit should be viewed only as a means to an end-individual credit.

Women's Credit and Money Management

There are a number of ways that women can educate themselves about money matters. This can include taking courses at a local community college or university, contacting the area Consumer Credit Counseling office to find out if they offer any courses in money management and understanding credit and reading books and magazines on these subjects.

Another educational resource is the American Association of Retired Persons (AARP) that sponsors the Women's Financial Information Program (WFIP), a seven-week program specifically designed for middle-aged and older women. WFIP teaches money management skills and helps women develop the confidence to make decisions about money matters. The WFIP is offered through local groups like YMCAs and community colleges. For more information, write AARP at 601 E St., N.W., Washington, DC 20049, or call the association at (202) 434-2277. A banker, the family's financial advisor and/or a CPA also may be able to advise women about sources of basic information about credit and money management.

A Women's Own Credit History #1

There is no simple, surefire way to develop a credit history for yourself. However, the approach outlined in this section is an excellent way to begin. It starts with the easiest-to-get forms of credit and builds to types of credit that are more difficult to obtain.

Before you begin the credit-building process, make sure that any assets owned by you and your husband are listed in both of your names. Such assets might include: property, cars, boats, stock, bank accounts, etc. These assets should be listed

every time you apply for credit.

You also should request a copy of both your credit files and your husband's credit files from each of the big three credit bureaus before you begin to apply for credit. This way you will know which-if any credit reporting agencies are maintaining a credit file on you and what is in those files. When you receive the credit reports, review them carefully for accuracy. If you find any errors, correct them following the steps outlined in Chapter 4.

If you have a credit file in your own name and you need to use joint accounts to help build your history, make sure those accounts are a part of your credit record, assuming that they have a good payment history. Also, make sure that any credit you had in your maiden name or in another town is a part of your credit record. If you find that certain accounts are missing write to the credit bureau and ask that they add the information. Most will do so, although they may charge a small fee. Once you have reviewed your credit records and those of your husband and dealt with any problems that they may contain, it is time to initiate the credit-building process. If you have little or no credit, the best approach is to obtain a small cash-secured loan from your bank. This is an important first step. If your marital situation changes and you need to borrow money, you will already have a positive relationship established with a lender.

Schedule an appointment with a loan officer, and explain what you want to accomplish. If the first bank you talk with is unwilling to work with you, go to another bank. When you find a bank that is willing to work with you, open a checking account or a savings account in your own name at that bank.

The bank you are working with will make you either an unsecured or a secured loan. It may ask that you secure the loan with an asset, or it may want to make a cash-secured loan. If it makes you a cash-secured loan, the bank will probably ask that you put the loan proceeds in a certificate of deposit at the bank. In other words, you will not have the use of the loan money. This is all right, however, since the purpose of the loan is to build a strong credit history in your own name, not to purchase things. If you default on the loan, the certificate of deposit or the asset you have posted as collateral allows the bank to recover its losses.

If the bank tells you that you will need a co-signatory to get a loan, do not ask your husband to cosign. Ask a close friend or relative.

Once you have paid off your loan, request a copy of your credit record to make sure that it reflects your loan payments. If it does not, ask your loan officer to report the payment history.

Depending on your situation, you may now be ready to obtain a credit card in your own name. Or you may need to apply to your bank for a second, unsecured loan or for a loan without a co-signatory.

If you apply for a credit card, begin by applying for credit that is relatively easy to obtain. This type of credit includes retail store charge cards and oil and gas cards. Charge a small amount, and make your payments on time.

After you have demonstrated that you can manage this new credit, apply for a national bankcard. Having one can help make other forms of credit more available to you. If your own bank offers a bankcard and if its terms are competitive, apply for it.

If you are unable to obtain a national bankcard, apply for a secured bankcard. These cards are designed for people who want a bankcard but cannot qualify for an unsecured MasterCard or Visa. You may be able to use your secured bankcard as a stepping stone to an unsecured bankcard if you demonstrate that you are able to use your secured credit wisely and if you make all account payments on time.

If you are approved for a secured card, you will be required to collateralize your credit purchases by either opening a savings account with the issuing bank or purchasing a CD from it. Then if you default on your payments, the card issuer can withdraw money from your account-or cash in your CD-to pay your account balance.

When shopping for a secured bankcard, there are several factors you should consider. These factors include the amount of deposit you will be required to put up and what rate of interest you will be earning on that money; what your credit line will be as a percentage of your deposit; whether or not you can convert your secured card to an unsecured card, assuming a positive payment history; and the amount of any application or processing fees.

For an up-to-date list of banks offering secured and/or unsecured bankcards and the terms of those cards, contact Bankcard Holders of America at (800) 638-6407.

If you already have some credit in your name, or if you and your husband have

some longstanding, well-performing joint credit accounts, you may shorten the credit-building process. This is especially true if you have a well-paying, relatively secure job.

If you have a credit file in your own name and you need to use joint accounts to help build your history, make sure those accounts are a part of your credit record, assuming that they have a good payment history. Also, make sure that any credit you had in your maiden name or in another town is a part of your credit record. If you find that certain accounts are missing, write to the credit bureau and ask that they add the information. Most will do so, although they may charge a small fee.

Once you have reviewed your credit records and those of your husband and dealt with any problems that they may contain, it is time to initiate the credit-building process. If you have little or no credit, the best approach is to obtain a small cash-secured loan from your bank. This is an important first step. If your marital situation changes and you need to borrow money, you will already have a positive relationship established with a lender.

Schedule an appointment with a loan officer, and explain what you want to accomplish. If the first bank you talk with is unwilling to work with you, go to another bank. When you find a bank that is willing to work with you, open a checking account or a savings account in your own name at that bank.

The bank you are working with will make you either an unsecured or a secured loan. It may ask that you secure the loan with an asset, or it may want to make a cash-secured loan. If it makes you a cash-secured loan, the bank will probably ask that you put the loan proceeds in a certificate of deposit at the bank. In other words, you will not have the use of the loan money. This is all right, however, since the purpose of the loan is to build a strong credit history in your own name, not to purchase things. If you default on the loan, the certificate of deposit or the asset you have posted as collateral allows the bank to recover its losses.

A Women's Own Credit History #2

If the bank tells you that you will need a cosignator to get a loan, do not ask your husband to cosign. Ask a close friend or relative.

Once you have paid off your loan, request a copy of your credit record to make

sure that it reflects your loan payments. If it does not, ask your loan officer to report the payment history.

Depending on your situation, you may now be ready to obtain a credit card in your own name. Or you may need to apply to your bank for a second, unsecured loan or for a loan without a cosignator.

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Depending on your situation, you may now be ready to obtain a credit card in your own name. Or you may need to apply to your bank for a second, unsecured loan or for a loan without a cosignator.

If you apply for a credit card, begin by applying for credit that is relatively easy to obtain. This type of credit includes retail store charge cards and oil and gas cards. Charge a small amount, and make your payments on time.

After you have demonstrated that you can manage this new credit, apply for a national bankcard. Having one can help make other forms of credit more available to you. If your own bank offers a bankcard and if its terms are competitive, apply for it.

Widows/Widowers

If your husband (or wife) is ill and death is on the horizon, it is important that you prepare fiscally for widowhood. This preparation includes building a credit history for yourself; correcting problems in your credit file, if you already have one established (do the same for your husband's credit file); preparing written explanations for any adverse information in your credit record that is the result of events beyond your control-your husband's financial troubles or his mismanagement of money-and talking with a trusted financial advisor.

Generally, dealing with this situation is a judgment call; there are many women who continue to use their husbands credit cards long after their spouses have died. Doing so also can cause women to delay establishing credit in their own names. This can cause women trouble later on if they wish to buy a new car, a smaller home, go back to school or do some remodeling etc. This should be a special consideration for younger widows who may still have several decades of life to live.

When you apply for credit after your husbands death (and during any credit reapplication process), potential creditors cannot discount or ignore income such as annuities, pensions, social security payments, disability payments, etc. However, they are allowed to evaluate the reliability of these payments when

making their credit-granting decisions.

If at the time of your husband's death you have little or no credit history of your own, it is essential that you do what you can to build one. As you begin the credit-building process, dont forget that the ECOA says that when you apply for credit the creditor must consider information in your husbands file if you can prove that his credit history reflects yours. Although this is a long shot, it may be worth the effort depending upon your particular credit situation.

Once your husband dies, any bank accounts that you held jointly with a right of survivorship will go directly to you and will not be tied up in the probate process. The same holds true for life insurance benefits. To receive these monies, however, you will need to file a claim, and it could take as long as six weeks after filing before you actually see the money. This is another reason why it is a good idea to have your own credit and your own bank account since you may need ready and adequate access to cash and possibly credit immediately after your husband's death.

If your husband dies and leaves debt, it will depend on the type of debt whether or not you will have to pay it. Most debt you will not have to pay. However, if a debt is a shared obligation and there is not enough money in your husband's estate to pay it in full, you may have to take care of that debt using the money from the bank accounts and insurance proceeds, etc. that were not a part of the probate process. You also will be obligated to take care of any debt secured with property.

The rules governing a widows obligations for her dead husband's debts are different in community property states. Check with your attorney.

Once again, the problems described above illustrate why it is important to keep joint credit to an absolute minimum and to avoid it completely if possible. Having at least some individual credit will maximize the number of options you will have for dealing with money matters after your husband's death.

If widowhood happens suddenly and you have not been able to prepare yourself credit-wise, you will face a number of financial obstacles that may impede your ability to build a happy and satisfying fife for yourself on your own. Without a credit history of your own, you may find yourself without access to ready credit. Also, if you were an authorized user on your husbands accounts, those accounts can be canceled by his creditors. In addition, a creditor has the right to request

that you reapply for credit on joint accounts if an account was based on your spouse's income. If a joint account was based on your income, however, or if either of you could have qualified for the credit at the time of application, you will probably not be required to reapply.

To postpone dealing with a loss of credit right away, you often can delay reporting your husband's death to his creditors. Use this time to get your financial situation in order. It is not always advisable to delay reporting your husband's death for an extended period of time. In some instances, if the creditors somehow learn about your husband's death before you have told them, the information may prejudice them in the reapplication process.

by Jim Heath

This document tells you what debt-collection methods there are, how well they work, and how to choose which to use. You're in for some surprises. A lot of this material comes from behind the scenes: straight from lawyers, court officials, private investigators and debt collectors -- talking informally and bluntly.

What you'll gain from the book is increased profits and fewer worries. And if you're new to all this, it could actually save your business.

Introduction

- (1) This book is copyright, but you can make any 'fair use' of it under copyright law. That of course doesn't include poor-attitude things like re-publishing the work (or parts of it) and claiming it's yours, or putting parts of it in some other document or website and implying you wrote those parts, or using any of it in a publication that you sell. You get the idea.
- (2) This book was published in 1990 under the title "The Debt Book" and is based

on the law in Victoria, Australia. It's likely to be out of date in a few small ways, even in Victoria (though Victorian law, like most law, evolves slowly).

(3) Many of the debt-collection principles in the book are universal, and some probably would have worked well in ancient Thebes and Babylon. But don't expect the details about court procedures and such things to apply to you -- unless you live in Victoria.

(4) Lawyers have checked this book, and so have debt collectors and other pros. But I'm not a lawyer and don't claim that the general information in the book will work in any given situation. If you have a legal question, see a lawyer.

(5) Which brings me to this lovely wet-blanket statement that you'll enjoy reading: All information and advice in this book is provided without any responsibility or liability on any account whatsoever on the part of the author or the copyright holder or the book publisher. Also, the names of people and companies used as illustrations are fictitious and any resemblance to real people, living or dead, or to real companies is purely coincidental.

(6) If you want to know more about me for some reason, see this little bio.

(7) If you want to check that you're looking at exactly the same book I put on the web, here's a PGP signature of the DebtBook.html file.

(8) If you'd like an original copy of the printed book, I regret that you can't have one: it's been out of print for a long time. But if you're in Victoria, there are copies in the library system. The Western Australian edition can still be ordered from Viacorp.

1. What happens to the innocent

SEE IF the following story sounds familiar.

At the time, you were really happy to make the sale. He was a new customer, and his order was worth \$6200. A promising new customer. And he was delighted with your product (or service).

But now thirty days have gone by, and you've had no cheque. So you phone him. No problem, really. "It's just that two directors need to sign the cheques, and one of them is out of town. He's expected back in two weeks."

Two weeks later, you phone again. The director got back, they tell you, but he's

having a minor operation on his leg. He went straight to hospital and didn't get a chance to sign any cheques or go through his in-tray. Terribly sorry, but they swear you'll get a cheque next week.

Nearly two months have now gone by. The \$6200 would be useful in your cash flow. You have bills to pay, like anyone else. You try phoning again -- but now have trouble keeping the irritation out of your voice. Has that cheque been signed yet? Yes, they say, but it's with the book-keeper, who has a whole pile of cheques that need to be "entered into the computer".

"When?" you ask.

"By Friday," they assure you.

Surely, things can't keep going wrong? (Or, more darkly: surely, they must run out of excuses soon?)

Not so. The problems can go on for a long time yet. That computer, for example: there could be a disk crash. Or your cheque could be sent to the wrong person, to someone who's in New Zealand. But never mind, they'll issue another one... when the computer is fixed. And the other director gets back from Canada. And the book-keeper recovers from his open-heart surgery. Provided they can find the chequebook, in the mess that was left after the sales tax people raided them. Always assuming that the person you want to speak to has returned from a meeting that seems to last as long as the polar night.

Even if you're pretty innocent, you'll realise you're being strung along. Time to put the pressure on! But how?

Usually what happens next in a story like this is that you make a few angry phone calls. In your last call, you threaten legal action. (A message that's carefully taken down by their 16-year-old receptionist, because everyone else is still in that polar meeting.)

Then you crack. You've had enough! You storm down to your lawyer (if you have one -- otherwise, you grab the yellow pages and pick one). There, in that comfortable chair, with that attentive face taking it all in, you feel like you're loading shells into a cannon. They did this, they did that! Great ammunition! Blast them, Mr Lawyer!

This takes an hour. In extreme cases, even two. Your story isn't that coherent. You

haven't brought any papers -- or not enough. Anyway, you now feel better. It's now in the hands of your lawyer. Now they'll see! Boy, will they! No messing around with you.

Back at your office, you send copies of the papers your lawyer asked for. You get them out of the office within an hour, and send them to the lawyer by courier. (Why wait for the post? So slow. That might delay things a day!)

A week passes. Surely by now something dire must have happened to those guys who owe you the money? Agitated, you phone the lawyer. His tone jars you a little. Yes, he's looked at the papers. He suggests that he will write the debtor a letter, saying that legal action will be taken if no cheque is paid within seven days. A little casual and slow, you think -- considering those guys deserve, well, death, practically.

It takes another week before he actually sends the letter. How is this possible? Surely, there can be nothing more urgent than your \$6200? A whole week, to get a letter out? But you don't dare resent your lawyer, your main weapon. But still, you don't feel exactly the way you did at the beginning. A thought -- hard to repress -- keeps coming up: maybe you didn't get a tough enough lawyer? But the idea of starting all over...

The letter goes out, and another week creaks by. Nothing. No \$6200. No response. Zero.

You can't stand it! You'll hit them with a summons! Mind you, you haven't done this before, and you picture something like a lightning bolt. It will leave them stunned, and just alive enough to beg for mercy and write a cheque.

Actually, what you say to your lawyer is milder: "I believe that a summons would be the logical next step. Let's hope they respond in a more positive way, so the matter will be speedily concluded." So rational.

Several more weeks pass. Probably a month. Little by little, your lawyer informs you about the facts of legal life. You don't get out a summons just like that. (At least, he doesn't, not with his workload.) It's a little mysterious, anyway, this summons. You're not even exactly sure what it... er, does.

But you're beginning to learn not to press your lawyer too hard for details and petty information. He seems, well, unforthcoming. Sometimes you get the

impression that your case isn't the supernova at the centre of his universe. In the end, the summons is 'served'. A clear picture, that: an unpleasant-looking individual pounds on the door of your enemy (that's what he is now). You can visualise your enemy opening the door, turning pale, and receiving the summons with shaking hands. The same effect -- you think -- as a visit from Al Capone. You feel good all day.

After this event, the excitement never stops. Your lawyer lets you know that the debtor has 21 days to "file a defence" (that's what you think he said, worked up as you are). Otherwise, you'll win the case by default!

Plenty of scope for the imagination there. Many the pleasant hour you pass, downgrading your debtor's intelligence. His days pass dimly, you imagine, his mind consisting of some thin, grey, moronic vapour. So stupid! He'll be enraged when you snatch that \$6200 away from him, just because he couldn't remember to file a defence! After all, you know the debtor spends all his time in meetings, he can never find anything, and his computer is always broken. How could someone like that ever file a defense?

Unfortunately, he does. Rather, his lawyer does. It's nothing more than a little note on an official form that says that they intend to defend the action.

Your mood turns grim. The debtor has passed through thunderbolts and a visit from Al Capone, and still hasn't coughed up the \$6200.

Time for a conference with your lawyer. "What do we do now?" you ask. He most likely tells you the next move is to put the matter down for trial in the Magistrates' Court. (Depending on the background of the case, there are probably lots of other things he could do. But he is an old hand, and knows they'd run your bill up so high you'd have a fit.)

So the case goes down for trial, in six or eight months. And you receive a Statement of Account for Professional Services. \$465, including mention of 'two attendances upon you' and 15 'telephone attendances'. (You begin to wonder if all those phone calls you made, asking all those questions, were a good idea.) You take comfort in recalling the lawyer said you'll get some of your legal costs back from the debtor, providing you win the case.

Now it's hard to maintain a heroic posture for six months. Probably you don't

manage it. A week before the trial, your nerves get shaky. After all, you have no idea what you're in for. (And you don't feel like pounding the lawyer with questions and running up another bill for telephone attendance's.) You can't shake off vivid images of trial scenes from TV dramas. Terrible cross-examinations, everything checked and scrutinized to the dot. "How do we know that's really your signature, Mr. Bottomley?"

Probably you cave in. Your lawyer talks to the enemy lawyer, and they suggest a compromise: the debtor will pay you \$4500 straight away, and it will all be over. You'd be wise to take it. That way you'd end up with \$4500, less the \$465, less another smaller bill for the final work by your lawyer (\$120). So you'll end up with a figure that begins with a plus sign. You don't end up owing money (an all-too-possible outcome, if you carry on, pig-headed for victory).

But say you aren't built like that. With you, it's the principle of the thing. You did excellent work for the guy, just what he wanted, spot on time. He doesn't deserve to get away with this! You'll show him what stuff you're made of.

You plunge into the trial. Amazingly, the enemy defends it, with witnesses and everything. And his lawyer actually makes you sound like you were lying about some things! At least, he made out that what you did or said could have been interpreted another way. All this takes two days in court.

Ah, but you win. Judgment and costs are awarded to you. At this point, the word 'costs' has an intriguing ring. You take it to mean the enemy will have to pay the \$6200, plus all the money you'll now owe your own lawyer. (Two days in court. It doesn't bear thinking about.)

By and by, you get a bill from your lawyer for \$4840. And find out you're entitled to recover \$3220 from the loser. It's what the court scale allows. So you are down quite a bit. Your legal costs are \$4840, minus the \$3220 owed by the debtor, plus the old legal bill for \$465... whoops, not to forget the smaller one for \$120. Altogether, you've had to fork out \$2205 to collect \$6200!

Anyway, you've taught the enemy a lesson. No one can mess around with you! You'll even go into the red, and spend lots of time and worry, to punish anyone who tries to cheat you.

Except there's one problem. When do you get your check from the debtor? (\$3220

legal costs, plus the \$6200.) He lost, the court ruled in your favor. Surely, he now has to pay at once?

Your lawyer explains that you have a 'judgment'. This means there's no longer any argument: the debtor owes the \$6200, as well as the legal costs the court has awarded you. But now you have to enforce the judgment. If the debtor doesn't just hand over the money, you have a couple of options, explains your calm lawyer. One, you can send in the sheriff and he'll seize furniture and other assets the debtor owns. Or you can put the company into liquidation -- but then any other creditors will join in and you'll have to share the spoils.

The sheriff sounds like the best idea. The debtor's computer, for example. Even if it really was broken, it still must be worth quite a bit. And there must be lots of other stuff in that office.

So your lawyer issues a warrant of execution, instructing the sheriff to seize assets to the value of \$9420.

Many weeks pass, then your lawyer phones to say the sheriff has reported there are no goods to seize.

"What!" (And that's the beginning of wisdom.)

"Unfortunately," your lawyer explains, "Everything was encumbered. The computer and everything was leased. The company didn't really own anything. There was nothing the sheriff could seize. The company is just a shell, really. So it wouldn't do any good to put it into liquidation either."

Result: your \$6200 'sale' has cost you \$5425 in legal fees.

The following chapters tell you much better ways of coping with all this.

2. How to avoid problems - cheaply

First, check them out

IT IS ridiculous for anyone smart enough to be in business not to make routine credit checks. There is no point chasing a debtor with a summons if there's nothing there. You'll get plenty of 'legal action' -- but you'll pay for it all yourself. The debtor won't be touched. Look under 'Credit Reporting Services' in the Yellow Pages. Call a couple of these services. Get their literature. Then join one. You pay an annual subscription (in the very low hundreds) and a small fee each time you

want to find out about someone (whether a person, or a business). And I do mean a small fee: less than \$10, usually.

On an individual, you can get information like this:*

- (a) Driving license number and date of birth.
- (b) Name of employer, and previous employer.
- (c) His address, address before that, and before that.
- (d) Companies he is a director of, and former companies.
- (e) Credit services, banks etc. that have been inquiring about him, and when.
- (f) Any writs and summonses served, and whether he has had any court judgments against him.
- (g) Default information, including written-off accounts and accounts referred to a collection agency.
- (h) Which mercantile agents have made inquiries about the person.

* At least in August, 1990, when I'm writing this. The Privacy Amendment Bill is still smoldering in Federal Parliament. If it ever passes in the form it's in, this might change the sort of credit information you can lay your hands on. But I don't believe a strong form of the Bill will last long. Businesses need information on people who apply for credit. They will get the information somehow. If businesses can't do credit checks through someone like CRAA, then no doubt they'll find another lawful way. Find out how other businesses do it, then do it too.

On a company, you can get information like this:

- (a) Trading address and registered office.
- (b) Incorporation details, issued shares and paid capital.
- (c) Details of directors.
- (d) Writs and summonses served and outstanding court judgments.
- (e) Default information, including written-off accounts and accounts referred to a collection agency.
- (f) Which mercantile agents have made inquiries about the company.

So if someone who asks you for credit is in financial trouble, you'll know it before you start doing business. You can tell him: sure, send us the \$6200 and you can

have the (whatever it is). If he huffs and storms and threatens to take his business elsewhere, let him. Let one of your competitors have the loss. Now I realize it's easy to say, "Keep your credit tight". I know the temptations. The sales staff are selling, selling. Maybe business isn't too good, and you really want this sale. But I repeat: the easy way to get difficult debtors to pay is never give them credit to start with. Money up front, or no sale.

But even if your credit checks are squeaky tight, you still won't avoid all problems. A debtor can 'go bad' for a hundred reasons. He can be a first-rate customer for years, then something slips. Instead of paying in 30 days, all of a sudden he drifts out to 45 or 60. Or maybe a check will bounce. Or something else that's not just quite normal. This should start to ring little bells. You should find out what the problem is. Use your credit reference agency. If that doesn't show any ominous signs, then phone the customer. You're entitled to find out what's happening -- you're providing the customer with credit.

The customer might say, "Accept things as they are, or we'll go somewhere else." That can put you in a quandary. Maybe he's spending \$10,000 a month and it's an account you don't want to lose. But really, you might go for three months without getting paid. Maybe \$30,000. And if he doesn't pay in the end, it means you might have to find \$300,000 in new sales to make it up.

I urge you to get this credit checking right before you worry about the rest of the things in this book. You can stop reading right here, and do very well for yourself if you just do that. Better than many businesses, I can tell you.

Another suggestion: treat your sales and credit people as equals. Pay them the same, push them the same. Invite your credit manager to some of your sales meetings. If your credit manager has guts, he might say something like, "You bastards out there make the sales, but I can't get the money. Don't you eyeball them? Look, so and so is paying on 90 days now. Is he earning a quid? Or is he slow as hell out there, with no contracts? Is there lots of stock around? Let me know. You might try picking up a check too, next time you're there."

Then get it in writing.

THE MORE you get in writing, the stronger your hand will be if the debtor goes bad. If you have to go to court, your case will be tight. (But usually, with lots of signed documents in your hands, you probably won't need to: the debtor will

realize his position is too weak.)

I know this isn't a popular topic. All that paperwork hassle -- for what? It feels like driving with the brake on. But I wouldn't be doing you a favor if I didn't at least mention 'credit management' (the right term for a system for checking out your customers, and keeping all the documentation straight).

How much documentation you use -- and what sort -- depends on the size of your business, how much bad experience you've had with debtors, how much you know about credit management, how tolerant your customers are about signing papers (including directors guarantees), and a hundred other things. But whether you know it or not, you already have a credit management system: it might be good, or less good, or downright lousy -- but it's there.

You may be relieved to know that I'm not going to mention anything else about this topic. (As I said, I've found that people really don't like to hear about it.) But that doesn't let you off. If you get your credit management wrong, it will come back and thump you. If you get it right, you'll get your money almost every time. But to get it right, you may need help: if you feel shaky on all this, you can join the Australian Institute of Credit Management and let them help you.

Simple Ways To Collect A Debt Yourself

LET'S SAY you've got a bad one. The money is way overdue, you've called a few times -- now you're convinced it isn't going to be easy. What should you do?

I wish I could list nine easy steps. It's not that simple. First, it depends on the size of the debt -- \$31 calls for a different strategy than \$1200, or \$34,000. It's different chasing an individual than chasing a company. If it's a company, it depends on the size of the company. It can also depend on how important you are to them.

Let's look at the main categories, then list things that often work. But caution: don't follow any of this slavishly. Use common sense and a bit of psychology. We're dealing with quirky, obstinate, vain and wonderful humanity -- even if they are debtors. You know the history of the debt, and you know what the debtor is like. Use everything you know. Use it skillfully to turn up the pressure.

Little Debts Owed By Individuals

1. Write them a letter, saying it's unlike them not to pay promptly, and please could you have the money. Use a bit of shame on them.
2. Keep phoning them, politely but firmly. (Keep threats out of it, but keep records of the calls you make -- they may be useful later.) Just wear down their excuses and hope they'll get tired of it all. By and by, it may seem simpler for them to pay the \$31.
3. If a check is there (they say) but for some inventive reasons it never gets sent, say you'll send a courier around at 10.45 to pick it up. That often works wonders.
4. If it seems worth it, send someone from your office around to pick up the check. If you can afford to do this, you'll almost always get a check this way.
(Professional debt collectors favor calling around on Saturday afternoon.)

WARNING: You'll probably be all right visiting the debtor personally, if you're just offering to pick up the check and you don't start making big waves. But if you handle things wrong, there's always some danger of being prosecuted for 'harassment'. A legally minded (or bloody-minded) debtor might try calling the police. True, the police might have better things to do than follow up. But don't ask me to guarantee it.

Big Debts Owed By Individuals

1. You can try steps 1 to 3 above. But don't let too much time go by doing that. Instead, go straight to...
2. Call in to see them. Call in at work, or at home, or wherever you can find them. Not many people can stand the pressure of a personal call. And remember, this is a big debt -- one that's important to collect. The best way is to collect it yourself.

Little Debts Owed By Companies

1. Make sure they have at least one letter from you, firmly but pleasantly asking for the money. This means a letter -- not one of those stickers you put onto copies of your invoice. ('A friendly reminder' and so on.)
2. Try wearing them down with telephone calls. Phone daily, even twice a day. (Not the most popular job for someone on your staff, but it's the only cheap way to collect small amounts.) Don't threaten anything: instead, moan about your own

cash flow, or say your accountant wants to square up his books, or whatever sounds OK. They may pay faster than you expect: some large companies keep a log of demand calls, and after you've logged in a certain number, you get your check.

3. 'Offer' to send around a courier. This often breaks through their weaker excuses and exposes a realm of truth: they might tell you they're having temporary cash-flow problems, and that the account will be paid within two weeks.

Big Debts Owed By Companies

1. Try steps 1, 2 and 3 above (for small debts owed by companies). But go through the steps faster. This is a big debt, after all. Don't mess around too long before you...

2. Go and see them. Make an appointment with the credit manager. If you get a lot of excuses, just go without an appointment, unannounced, and plop down in reception. Be polite and smile at everyone. Look like you're prepared to spend the day. Take something to read, or even a laptop computer and do some work. Sooner or later someone will see you. Then you'll either get a check, or you'll find out what you're really up against.

TIP: if a big debtor is in financial trouble, and you push him hard, he might find something 'wrong' with your product and offer part payment. Your product was faulty, or your service wasn't up to scratch -- or whatever. This is face-saving. But it offers an easy chance to get most of your money.

Consider his offer very seriously. Believe me, it can be the best thing you can do. You'll probably still end up with a profit on the deal. (And he'll be happy, because he's got a reduction.) You'll have saved yourself a lot of time. And you'll probably get more money from the debtor than you'd get in any other way. Also you'll come away feeling like a good guy. You're reasonable, you can compromise. Do it! Do it! Don't get involved with law courts and endless hassles if you can avoid it. Pride can be very expensive.

Psychological Section: Know Thyself

DEBT-COLLECTION professionals estimate that at least 80% of people have

terrible problems asking for money. Even if there's no squabble. They just hate asking. They can't stand the idea of walking up to someone and saying, "You owe me such and such, could I have a check please?"

Are you like that? Worse yet: is your credit manager like that? (Many are.)

Here's a simple test: you're in a queue and someone pushes in. Do you grumble under your breath and let him in? Or do you pipe up and say, "Hey! There's a queue here. Go to the back." Eighty percent or more would let the person push in. The same 80% are the ones that have trouble asking for money (from anyone -- even their own brother).

If you're honest and think you aren't a natural debt collector, take account of the fact. Hire someone who finds it easy. This is precisely what many debt-collection agencies try to do themselves: pick people who are psychologically right for the job. There's no point in them hiring someone to collect debts if it takes the person half an hour to calm down each time he phones someone.

And back to you: think of your health. If debt collection rattles you, you won't be able to sleep at night. Is it worth it? Can you run a business that way?

You have to know how much debt-collection you can stand, then hand over the job when you reach your threshold. That's what I do. I press debtors to a certain extent -- then just throw up my hands and let the professionals go after them. The peace is wonderful.

4. Getting Rougher: The Counsel Of Experience

SO MUCH for preaching. You probably didn't buy this book to hear you should tighten up your credit system, or to find out a few new tricks to collect debts yourself. Let's say you've done all that and it didn't work. Someone owes you money, and it's turning into a hard case. What next?

I'll take you through the possibilities. I'd better say that I've used the methods I'll tell you about. This isn't theory. It's experience.

My business is writing things for people. (Brochures, speeches, articles, reports, ads, marketing letters, and sometimes books.) Believe me, all kinds of people phone and ask me to do jobs. . My clients range from individuals, to some of the largest international companies. The big companies aren't always prompt payers.

And the individuals -- wayward as they sometimes appear -- are often OK. Very hard to predict. And I had plenty to learn.

For this book, I also interviewed all sorts of people: debt collection agencies, private investigators, a magistrate, sheriffs, and lawyers. They were happy to help. They told me it was about time someone did a realistic book about debt collection! And they gave me an earful -- valuable information, worth a lot to me in running my own business. I'm now sharing it all with you.

In the next chapters, I talk about how to collect the difficult debts. Wild waters.

5. Using A Lawyer

YOU CAN TRY asking your lawyer to send the debtor a letter. The idea is to startle the debtor into paying. This sometimes works.

Sometimes a lawyer is willing to write a letter that begins like this: "We act on behalf of Minimax Circuits Pty Ltd. We are instructed that you are indebted to our client to the amount of \$1200."

And it ends something like this:

"We advise that if the sum of \$1200 is not received by our office within fourteen days of the date hereof, our client will issue proceedings against you for that sum without further notice to you."

Your lawyer hasn't insisted on knowing what the matter is about. He (or she) just sends out a letter. Even so, a letter like this isn't free. Make sure you know how much it's going to cost. And weigh that against the size of the debt. And think about the psychology of the debtor: is he used to getting letters like this? Will he just shrug?

If you want to use this technique regularly, you may be able to work out a deal with a lawyer. A bulk rate. But usually you'll get the same kind of reaction you'd get from a doctor if you phoned up and asked for a prescription for double-strength penicillin, without saying what your symptoms were. He'd want you to come in and be examined first. Similarly, lawyers didn't spend all those years in law school to be asked to write letters without getting any background.

From the evidence I have, the success rate for a straight lawyer's letter isn't too high. (But as one lawyer told me: "It depends on the nature of the debt and to

whom it is owed. Obviously, if the debtor thinks he has a good defense the letter will draw no instructive response..."

But if you continue to the next step, and get your lawyer to send a summons, that often does the trick -- especially for a debt that's only a couple of thousand dollars. Your expenses have gone up, though: there are some court costs, more lawyer's time, and the cost of getting the summons served. Worse yet, if your lawyer insists on getting stuck into the case and finding out what it's about, you could be up for hundreds of dollars just to get a summons served.

Remember, we're talking about trying to startle the debtor into paying. You realize it's not economic to carry the legal process any further: the sum you're chasing is too small, or you suspect the debtor hasn't got much money anyway. You're hoping to jolt the debtor into issuing you a check (and probably put off paying someone else). Shock tactics.

If the debtor doesn't pay when he gets a summons, then -- if you wish to -- you can normally just let the matter die. You don't have to list the action for trial.

If the debtor wants to be difficult -- or stand on some high principles -- he can list the matter for trial himself. (But as you might imagine, this doesn't often happen.) A slight danger is that the debtor will later apply to the court to have your action formally dismissed (for 'want of prosecution'). This makes it extremely hard, or expensive, to sue him for the debt later, if you discover he actually has some money. Also, the court may 'award costs' in the debtor's favor -- so you'll get a bill for some part of the debtor's costs in getting the action dismissed. And you have to pay it.

In short, matters are not always 100% under control, even when you only threaten legal action. But as you'll see in the next section, if you decide to drive the legal process all the way to the court, your steering wheel can snap off completely.

When You Expect To Go To Court

TWO important points, right away:

1. Ask your lawyer to request a pre-hearing conference at the court. Ask him to do it as soon as he can. If the pre-hearing conference is granted, it usually speeds things up. And it can save you a lot of money in legal fees and court costs. More

on this later.

2. Check that the debtor will be able to pay you when you win your case. (Don't expect the lawyer to check on this.) If necessary, hire a private investigator. Find out somehow! There is no point spending money -- and your time -- to get a court judgment, only to find out the debtor can't pay you.

How To Save Some Money On Lawyers' Fees

IF YOU LEARN to behave like a lawyer's ideal client, your bills will be lower. Don't present your lawyer with a half-crazed story, full of sound and fury but with no legal value in it. First write out what happened, in full detail. Get it typed. Make sure it's very clear.

When you get to a point in the story that you can substantiate with a document, refer to the document in the text. ("See the Contract, document A.") Put all these documents in order, with the story on top, send them to your lawyer and ask him to read them.

After he's done that, then make an appointment to see him. You'll be amazed at the difference this makes. The meeting will go fast and smoothly. The lawyer will ask you about any points that aren't quite clear from the papers you gave him.

From then on, keep in mind that your object is to get the debtor to pay you. Don't get so wrapped up in the proceedings that it becomes a mission to punish the debtor.

Anywhere in the proceedings, the debtor's lawyer may suggest a compromise. Think very carefully before you turn it down. Your legal costs will never be any less.

The more you can bury your pride and anger, and see the whole business as a procedure, the more likely you'll come out ahead. It also means less time spent talking to your lawyer about what amounts to your emotional reactions to the whole business. He'll listen to your problems, and guide you away from irrational decisions -- but it will cost you.

Keep your cool. Treat it like a game of chess.

The statistics are good: less than 10% of the Magistrates' Court summonses for debts ever go to trial or to arbitration at the court. The rest are settled before they

get that far.

What The Lawyer Is Thinking

YOUR LAWYER doesn't want you to hit the roof when you get his bill. So if you're just chasing a few thousand dollars, he probably hopes that the debtor will make some acceptable offer before the trial. He knows this would be to your advantage. Your legal costs would probably then be reasonable, measured against the amount you'll collect.

The debtor's lawyer is thinking the same thing. Sure, the debtor has some kind of defense, but his lawyer doesn't know if it will stand up until he looks at all the details. These things are always more complicated than the client can imagine. In law, practically everything is arguable. There's no way the debtor's lawyer wants to spend huge amounts of time on this either, and run up a colossal bill, if there's some hope it won't be needed.

Upshot: the lawyers on both sides tend to do the minimum, just shadow-box for a while. To both of them, it's a fight about a small sum (a few thousand dollars). They can't afford to sink a lot of their client's money into the sort of pre-trial preparations you see in Rumpole dramas.

Usually, very little happens until about a week before the trial is due to begin. Even if the trial looks like going ahead, the lawyers still won't do as much technical preparation as they could. For a debt of say \$6000, their clients just couldn't afford it. So your lawyer isn't going to look into every possible 'cause of action' and the debtor's lawyer isn't going to spend his evenings pondering subtle and sophisticated defenses.

Getting to the bottom of it: why Magistrates' Court actions need to be 'cheap' IT ALL goes back to the scale of fees in the Magistrates' Court. The court puts limits on how much the winning side can stick the losing side for, in legal costs. There are good reasons for this. There'd be little point in having a hierarchy of courts (Magistrates', County, and Supreme) if all the courts handled cases of any size, and allowed similar costs.

The Magistrates' Court handles cases less than \$25,000 and has a correspondingly modest scale of allowable fees. This means that if your lawyer's bill runs over the

Court scale by say \$250, you can't claim the \$250 from the debtor if you win the case. You're \$250 out of pocket, no matter what.

And there's something else: if you're suing for a debt of \$500 or less, you aren't allowed to claim any of your legal fees from the loser. (Except in rare circumstances, not worth hoping for.) The only good news is that if you lose the case, the debtor can't hit you with a bill for part of his lawyer's fees.

To repeat: if you sue someone for \$500 or less, you pay all your own lawyer's fees.

If you aren't aware of all this, your lawyer certainly is. And this is what curbs him. Mind you, there are complicated trials in the Magistrates' Court. Sometimes it can't be helped. There might be 10 witnesses, the trial might go on for a week -- all over a debt of just \$3500. Such a thing might happen, for example, if the debtor was getting legal aid. "Why worry?" he might think. "My costs are all covered. What can I lose?" (Actually, if he did lose, he'd have to pay the Court's scale costs to you. Legal aid wouldn't cover that.)

In the higher courts, the costs themselves can become a driving force. For example, a 'small' dispute for \$9000 could eventually get appealed to the Supreme Court, with costs that might soar to twenty times that on each side. Both sides are now in so deep, it's mostly the legal costs they're worried about. They want to win and collect the costs back from the loser. Stuff the \$9000! Just save me from my lawyer's bills!

If you win, how much do you pocket?

MOST OF the people who buy this book will be chasing sums that would put their cases in Magistrates' Court. County Court cases normally begin at \$25,000, and Supreme Court cases at \$100,000. (But complex cases for smaller amounts can sometimes be started in the higher courts.)

So-o-o, let's say you win your Magistrates' Court case. You know the debtor has the money, because you checked before you started all this. Say he owes you \$6000. And you have a bill from your lawyer for \$3000. Question: how much of your \$3000 lawyer's bill can you recover from the debtor? The hedged answer is: it depends how complex the proceedings were. If they were a lot more complex than the court scale allows for, then you'll have to pay a big whack of your

lawyer's bill yourself.

Averaging over a lot of cases, the winner will recover about two-thirds of his lawyer's bill. So if you are facing a lawyer's bill of \$3000, the loser will have to pay perhaps \$2000 of this.

Result: of the original \$6000 owed to you by the debtor, you actually pocket \$5000 (\$6000 he pays you because he lost, plus \$2000 of your lawyer's costs he pays you, less \$3000 you have to pay your lawyer).

In a more complex case, you might only be able to recover \$1500 towards your lawyer's bill from the debtor, or even only \$1000. Down go your final takings.

No matter what, you'll end up a bit out of pocket. (Not to mention the time it's taken you.) You may win by default, before trial. But even if it doesn't go to trial, you still have to pay your lawyer. At different stages, the court may award you costs for this or that. But add them all up, and it won't cover what you owe your lawyer.

With arithmetic like this, you can see why your lawyer always has THE LAZY PERSON'S SECRETS TO OVERNIGHT WEALTH

There are so many simple, yet really sure-fire ways of acquiring wealth, it's a wonder everybody with even the least bit of ambition isn't already rich. When you come right down to it, the only things needed for anyone to make bundles of money are the long-range vision and the energy to put a money-making plan into force.

One of the easiest methods of building wealth, and the one most often used by the "smart" people, is to furnish the expertise, equipment or growth capital to promising beginning businesses. Basically, you buy in as either a part owner or limited partner; then, as the business grows and prospers with your help, you reap your share of the rewards.

The beautiful part about this whole concept is that you can repeat this procedure over and over again. You can start out with, say marketing and sales leadership for a small, garage-type business; then with your holdings and earnings from that business, invest in another, and keep doing this until you own a part of twenty-five to an unlimited number of businesses. Looking at the idea from a dollar return point of view, if you were getting \$200 per month from 25 different businesses,

your monthly income would amount to no less than \$5,000 and that's not too bad for a fledgling millionaire.

Look around your own area. With just a little bit of business sense and perception, you're sure to find hundreds of small businesses that could do better - perhaps even become giants in their field - with your help.

Most small businesses need, and would welcome marketing, promotional, advertising, and sales help. If a quick survey of a business turns you on with enthusiasm about the potential profits to be made with just a few changes that you can suggest, then you are on your way.

Basically, you set up an appointment to see and talk with the business owner about some ideas and help that could double or triple his profits. When you approach him in that manner, he's almost certain to want to see you and hear what you have to say.

In preparation for your meeting, set your ideas down on paper. Put them together in an impressive marketing or profit-potential folio. Out-line your ideas, the costs involved and the ultimate profit to be gained.

Then, when you arrive for the meeting, be sure to look and act the part of a successful business person. A few pleasantries to break the ice, and then begin with your presentation.

Through your proposal, you must instill confidence that you can do all you claim for him. Guide him through the presentation to the ultimate profits - all for a 10 or 20 percent limited partnership in the business, which really won't cost him anything. Of course, if he's reluctant to give up any part of his ownership, you come back with the idea of being hired as a consultant.

Almost all small businesses need help of some kind. The owners get bogged down in a myriad of everyday problems and things to do. They find there just aren't enough hours in the day to handle everything that should be taken care of, and end up neglecting or putting off some of the things they should be doing to keep the business prosperous. As a result, the long struggle for business survival begins, with more than 60% of them selling out at a loss or just closing up shop.

The other way to "cut yourself in" on a piece of someone else's business is to supply needed money. If you can come up with 10 or 15 thousand dollars, you can

easily "buy into" some small businesses. Be sure to look the business (and its market potential) over; but once you spot one that can really be a winner with just a little bit of operating cash or money for expansion, then start figuring!

You can reach a never ending supply of such businesses to choose from, simply by running a small advertisement in your daily newspaper in the classified section under the heading of Business Opportunities Wanted. Such an ad might read:

SUCCESSFUL BUSINESS EXECUTIVE LOOKING FOR NEW BUSINESS VENTURES. WILL CONSIDER BUY-OUT OR PARTNERSHIP. PO BOX 123, CITY.

By the same token, make it a habit to look through the Business Opportunities Available on a regular basis. Mark a few each day and follow up. Check them out, and see what kind of a deal is being offered. Remember, proper management and planning are basically the ingredients to success in business; and most small businesses just don't have these ingredients in the proportions needed to attain their greatest profit potential.

Other people have done it, and more are starting up every day. There's no reason why you can't do it. In most cases little or no cash is needed. But with just a little bit of action on your part, you could quickly become a multi-business owner, and very wealthy as well.

Would you like to realize your goals? Maybe you'd like to run your own business, expand your material possessions, or succeed in the arts. There is no one path to the pot of gold, but many people of all backgrounds have successfully found it.

Whether you want to follow the ways of the great financiers, the famous politicians, or the dynamic movie stars, there are common modes of behavior each of them followed. And in many cases, they have shared their secrets so YOU CAN FOLLOW THEIR FOOTSTEPS.

"If you wish to know the road up the mountain, ask the person who goes back and forth on it," said the ancient sage, Zenrin. What better way is there to know the secrets than to ask those who made it?

What goals do you want to achieve? And what amount of effort can you commit? You may want money for the extra things in life, money to build a corporate empire, or money to support yourself while you pursue the fine arts.

Perhaps you'd like to take the risk to start something new in your life. You may want to open your own business, devote your energies to an artistic career such as acting, or reap the benefits of your yearly endeavors with fabulous vacations several times a year.

What will bring you happiness? The satisfaction of success takes many forms. Not only are people seeking financial fortunes, but also the ancient goal of peace of mind.

Do you worry? You might be concerned about your health or your family's well-being. You may be anxious about the added expenses of education, medical bills, or the steady increase of cost of living. There are ways out of the endless cycles of worry, stress and anxiety. Right now, you can rise above the whirl of survival to achieve the accomplishments you dream of. When you're ready to put your whole effort into realizing your goals, **YOU WILL SUCCEED.**

What Are Riches

"Had I but plenty of money, money enough to spare," wrote Robert Browning. And money is the greatest attribute of riches. A universal desire, money is the materialization of riches, the stuff that makes the rest possible.

Are you looking for financial security? For retirement, for education or leisure? Riches are the overflowing abundance of material possessions - houses, cars, boats, furnishings - everything you ever wanted.

Centuries ago, Horace wrote, "By right means, if you can, but by any means, make money." For many people it is a path towards happiness, a cure-all for worry and peace of mind.

For others, riches come in the form of satisfaction and personal independence. Satisfaction comes from accomplishment in employment or attaining goals. It is

that feeling of contentment and confidence from a good task well done. Riches are closely linked with success. And with that comes fame and acknowledgment of position. Success might be the feeling of well-being from the rewards of good effort. Or the enthusiasm and vitality triggered by recognition.

"Success is how well I enjoy the minutes," said producer Norman Lear.

Throughout history, the people who lived with riches often achieved them by hard work, diligence and a belief in themselves. For some people, it took courage, genius and stamina.

But for many others, it took nothing special but the desire to turn dreams into reality. Whether you want millions of dollars, recognition as an artist, or personal freedom, you have the ability to make your life as rich as you want.

Think about what you most desire. It may not be hard cash, but what it can buy. Or it may be those feelings of inner satisfaction, from creating something beautiful or strong.

You may want personal independence from the work week, or freedom to live anywhere you want. You may be looking for something meaningful and significant in life - something other than things money can buy. Whatever your goals, and however difficult they seem to be to accomplish, you have the ability to become who you want. Take a look - can you see yourself surrounded by riches?

Picture the world open and in front of you, ready to become the form of your dreams, ready to stage your desires. "Why then, the world's mine oyster," wrote Shakespeare, "which I with sword will open."

Who Is Successful?

Many people who achieve fortune in the world are not born rich. But they accomplish their dreams through hard work and a plan of action.

Every type of person on earth can become successful. There are saints and scoundrels; philanthropists and thieves; poets and politicians; young and old. There are no limitations or physical boundaries for success.

Success comes to those who think about success and strive for it. Although many rich financiers at the turn of the century had no formal education, they overcame

that and went on to great fame.

Some people strive towards a single goal from early in life, and often attain that goal while still young. Others are willing to risk new adventures later and still attain success.

"It's never too late to learn," wrote Malcolm Forbes, the money magnate. "I learned to ride a motorcycle at 50 and fly balloons at 52."

Whatever your task, whatever your obstacles, you can be as successful as anyone else. Study the people who accomplished recognition in the areas of your pursuit. How did they achieve their goals?

And don't be afraid you don't have what it takes. As Daniel Webster wrote, "There is always room at the top."

Forming Conviction

The single attribute that every successful person has is the one-pointed devotion to attain a goal. "There in the sunshine are my highest aspirations," wrote Louisa May Alcott, "I can look up and see their beauty, believe in them, and try to follow where they lead."

What are your desires? How can you form them into definite goals that you can attain? Lawrence Peter wrote, "If you don't know where you're going, you'll probably end up somewhere else."

Maybe you're studying a craft or skill. Perhaps you're caught in a rung of the corporate ladder. Or, you might feel constricted by your family and the environment around you.

Which star are you reaching for? "Ours is a world where people don't know what they want and are willing to go through anything to get it," wrote Don Marquis.

Take the time to think about your own aspirations. Look inside to find what feels right. Almost everyone entertains the notions of fame and fortune, but put on the costume that fits you.

Conviction requires certain qualities of action. You must be sincere and be willing to assume responsibility. And you need the self-discipline necessary to work towards your goals.

Are you prepared to achieve your dreams? Can you form their reality in your mind? Will you devote your entire being to attaining what you want?

On Your Own

Most millionaires are non-conformists. So are the most famous actors and actresses; and the most prominent artists. Writers are known for their individual traits and eccentricities.

Your convictions and goals are your own business, even when you find help along the path. Mentors often take people under their wings to nourish and teach. Or spiritual guides will show you the path to attainment. But you're on your own to achieve.

Cultivate a sense of justice and an ability to make decisions. Cooperate with everybody and develop your own self-respect. And follow good criticism and advice after you've judged carefully. J. Paul Getty said, "I advise young millionaires to be skeptical of advice. They should advise themselves; they should form their own opinions."

Lord Byron wrote, "There is rapture on the lonely shore." And if you attain your goals with poise and sincerity, you'll find warmth and love at the top - not the cold loneliness pictured by the jealous.

Put on blinders to negative comments and criticism meant to hurt you. About the people who criticize, Voltaire wrote, "Never having been able to succeed in the world, they took revenge by speaking ill of it."

Seize The Day

People are judged by what they think and what they say. But the true measure of their character is what they do. Anyone who has achieved success and fortune in the world has done it by action.

William Jennings Bryan wrote, "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

The choice of the path you follow is often put before you as opportunity. "Few people recognize opportunity," said Cary Grant, "because it comes disguised as hard work."

Don't let opportunities slip past while you're still considering them, and create new ones as you see them. "Wise people make more opportunities than they find," said Francis Bacon.

What opportunities can you act upon? Woolworth saw a need for small inexpensive items and opened the chain of stores that grossed billions. Wrigley started giving gum away as a bonus from a supplies wagon he sold from, and saw the opportunity to make money from the gum that became in high demand.

All successful people the world over have found the opportunities for their own special talents and acted upon those ways to achieve. Why wait for the time to pass? There's never a better time than now.

"Sometimes," wrote Lewis Carroll believed as many as six impossible things before breakfast." Take your own impossible dreams and make them become reality.

How They Think

Thousands of potential millionaires are born every year. And making a million dollars is coming closer to everyone's pocket. What advice did the money-makers follow?

Aristotle Onassis worked eighteen hours a day to maintain his fortune. He started as a welder and aimed for the top. "You have to think money day and night," he said, "you should even dream about it in your sleep."

John D. Rockefeller, Jr., said, "I believe in the dignity of labor, whether with head or hand; that the world owes every person an opportunity to make a living."

And J. Paul Getty acknowledged his hard work: "I have no complex about wealth. I have worked hard for my money, producing things people need."

Even Proverbs advises: "In all labor there is profit."

Richard Bach, the author of the best selling "Jonathan Livingston Seagull" wrote, "You are never given a wish without also being given the power to make it true. You may have to work for it, however."

The Empress of the British Empire, Queen Victoria, admonished, "We are not interested in the possibilities of defeat."

Do You Have What It Takes?

There are qualities of endeavor and achievement that are common to many people who make it to the top. The following questions are a guideline to self-enterprise and attaining your goals.

1. Do you prefer to work for yourself than for others?
2. Are you well-informed on current business and political affairs?
3. Are you a leader?
4. Do you take advantage of opportunities?
5. Do you pay attention to what other people say?
6. Can you finish a job even when it is difficult or unpleasant?
7. Are you challenged by problems?
8. Do you have a goal you want to achieve?
9. Do you consider other people?
10. Do you strive to attain?
11. Can you obey commands?
12. Can you bounce back after defeat?
13. Do you believe in yourself?
14. Can you stand by your actions in spite of criticism?
15. Can you follow instructions?
16. Can you respond to the needs of others?
17. Will you give credit to other
18. Can you make your own decisions?
19. Are you determined?
20. Are you ready for success?

Establish A Goal

What do you want? Are you looking for financial security, professional acknowledgment, spiritual attainment? Do you want to fit better socially, or become more expressive creatively? Establish the goal that's right for you.

Then turn that goal from a dream into a desire. You want to realize that goal, not just wish for it. Aesop said, "Beware that you do not lose the substance by grabbing at the shadow." Know exactly what you want, then go for it.

Don't be tricked by your own procrastination - especially if you want to achieve something artistic. The writer Thomas Wolfe wrote, "I had been sustained by that delightful illusion of success which we all have when we dream about the books we are going to write instead of actually doing them. Now I was face to face with it, and suddenly I realized that I had committed my life and my integrity so irrevocably to this struggle that I must conquer now or be destroyed."

Can you see what you want? If you want the abundance of material wealth that money provides, what goal will give you that money? Do you want the prestige of owning your own business? What business do you want to begin?

Where are the opportunities for you? Talk to everyone in the business you want to join. Make friends in the literary or art societies in your area. Read books and articles about your field of endeavor. How can you attain your goal?

"If you don't want to work, you have to work to earn enough money so that you don't have to work," wrote Ogden Nash. And isn't that the way" Money makes money; success breeds success. But not always. How can you break through those thoughts to help yourself to the rewards?

Henry David Thoreau wrote, "I have learned this at least by my experiment: that if you advance confidently in the direction of your dreams, and endeavor to live the life which you imagine, you will meet with success."

Think big and visualize success. Do you see yourself in a big house? Maybe you picture your artwork hanging in a gallery. Can you feel your book in print and in your hands? How does it feel to be a person of success? Believe that you are; believe that it is in your grasp. That's what the others did, and that's how people make it to the top.

Then get down to basics. Be precise. Exactly how much money do you want, and by what date? And exactly what are you going to do to earn that money? Be realistic, but give yourself short-term goals.

Write it down. In six months or one year, you will have how much money. And repeat it until it feels good. Then repeat it twice a day until it swirls in your

subconscious, until it becomes your one-pointed goal.

"The goal stands up, the keeper stands up to keep the goal," wrote A.E. Housman.

Keys To Success

Make people feel at ease. They will respond to your needs as you respond to theirs.

Share the spotlight. Give credit to those who deserve it - and to those who strive. Don't grab praise away from other people.

Have confidence in your own value. Don't do anything that won't credit your own self-respect. Follow up your actions as they reflect your own self-worth.

Listen well to others' comments. Then weigh your own actions. Cultivate relationships with people who have good and important things to say.

Participate in life. Be active in business meetings and endeavors; volunteer to be part of organizations and groups. Social interaction will boost your sense of well-being .

Feel worthy of your own goal. Know that you can attain it and that it is right for you.

Grasp your own challenge. Don't give yourself impossible goals, but always reach higher.

Relax and be yourself. Each person is different and just as wonderful as the next. Don't be plagued by what you think others think of you.

Don't bathe in success - use it. Once you achieve your first goal, go on to others. Use the money you earn for the rewards you look for. Then go on to the next endeavor.

Be slow to criticize others' achievements. Find out how they did it and learn from them.

Never use subterfuge. Don't go behind someone's back. Speak your mind and earn respect.

Banish negative thoughts and traits. Restructure your life to exclude bad habits.

Believe in yourself and what you are to accomplish. All the power in the world is within you to achieve.

Work Towards Your Goal

"To get profit without risk, experience without danger, and reward without work, is as impossible as it is to live without being born," wrote A.P. Gouthey. Every person who has attained something worthwhile has worked for that goal.

Cary Grant said, "I do believe that people can do practically anything they set out to do if they apply themselves diligently and learn."

Which path is the right way towards your goal? Do you need more education? Do you need a few years experience in your field of business? Maybe you need a teacher or guide to help you practice.

"I have learned that success is to be measured not so much by the position that one has reached, as by the obstacles which are overcome while trying to succeed," wrote Booker T. Washington.

What obstacles are in your way? Consider them as easy to pass through as hurdles are to a champion runner. Take each obstacle as a special challenge placed especially for you. Approach it with intelligence and courage, then learn what it has to teach.

"Success is a journey," said Ben Sweetland, "not a destination." For some, the process of attainment is the attainment itself. They move on, keep growing and expanding. There is no still water at the top.

"The message from the moon is that no problem need any longer be considered insoluble," wrote Norman Cousins. And you can attain anything that seems impossible.

If you have a problem that needs to be solved, sit calmly and consider it with a clear mind. Observe all the consequences of the actions - both good and bad. Ponder the paths and actions and contemplate the core of the problem. The solution will appear.

"Ask and it shall be given you; seek and ye shall find; knock and it shall be opened to you for everyone who asketh, receiveth. He that seeketh, findeth and to him that knocketh, it shall be opened."

Tap the inner self and encourage positive actions. With each outgoing breath, release the impossible; at each incoming breath, inhale the attainable. Demand the

best of yourself, but don't despair from an overused sense of perfection. What can you learn? And who can teach you? Can you attend classes and seminars from universities near home? Check out books from the libraries and absorb the material. Find a master and become an apprentice.

"Anyone who stops learning is old, whether at twenty or eighty," said Henry Ford. "Anyone who keeps learning stays young. The greatest thing in life is to keep your mind young."

Never stop learning; never stop growing and expanding as a person and in your personal endeavor.

Ask Yourself

As you consider the success you desire, you need to affirm its possibilities and develop the self-confidence necessary to attain the goals. Learn to do things well. "If you know how to do one thing well, you can do everything," wrote the philosopher Gurdjieff.

- Are you ready for success?
- Is what you are doing now helping you to achieve your goals?
- Do you weigh the consequences before making a decision?
- Is this the best use of your time?
- Do you cooperate with everyone and help cultivate their best potentials?
- Are you warm and sincere?
- Do you have the courage to succeed?
- Do you have the self-discipline necessary to achieve your goals?
- Do you have a realistic sense of self-worth?
- Do you give more than you take?
- Do you have the courage to fail, and then pick up and try again?
- Can you assume responsibility without blaming others if things go wrong?

- Are you strong?
- Can you be sympathetic to life and its sufferings?
- Can you say no?
- Will you follow your convictions and plans to achieve?
- Do you sincerely want to achieve the goals you have chosen?

Taking Responsibility

"The price of greatness is responsibility," wrote Winston Churchill. Are you willing to take the responsibility once you attain the success you desire?

"The deepest personal defeat suffered by human beings is constituted by the difference between what one was capable of becoming and what one has in fact become," wrote Ashley Montague. And the greatest tragedy is to become less than your full potential, using less than the abilities you have to work with.

Are you waiting for something to happen? Maybe you're waiting for a job offer, or a promotion. Perhaps you're waiting until you get good enough at a craft or skill. Or are you waiting for the inspiration of creativity to strike your life?

It is up to you to take the actions and be responsible for their consequences. "Our responsibility: every opportunity, an obligation; every possession, a duty," wrote John D. Rockefeller, Jr.

Inspire yourself. Read books that will spur you to action; talk to people who have the vitality you admire. How would you like to lead your life? And make the changes necessary to be like that. "There is nothing permanent except change," wrote Heraclitus. What changes do you want to make? What are you waiting for?

Accomplishment

What actions will take you closer to your goals? Decide upon the steps and write them down. Review them until you feel comfortable with those steps. Then repeat them at least once a day, crossing them off as you accomplish them.

"I believe there is no escape from the rule that We must do many, many little things to accomplish even just one big thing," said James Dupont. "This gives me patience when I need it most."

The most rewarding accomplishments are those that take long to achieve and present difficulties. It is only through these difficulties that a person can rise above the rest to be the unusual, the outspoken and the well-deserved.

As if building a kit, follow your own instructions. Decide your best courses of action and achieve their benefits. Whether the steps are small or large, make them achievable and then do them. Don't commit yourself to things that you never intend to do.

"Even if you're on the right track, you'll get run over if you just sit there," said Will Rogers. Don't be paralyzed by inaction; rather act upon your own convictions.

Set yourself up for rewards. Don't give yourself goals that have no feeling of satisfaction or no monetary rewards. If you want to be an artist, be the best and learn from the best. Don't dwell on imperfections or the awkwardness of unpolished skills.

If you go into business, do it for profit or reinvestment. "In business, the earning of profit is something more than an incident of success. It is an essential condition of success. Because the continued absence of profit itself spells failure," said Justice Brandeis.

Marchant wrote, "To be a success in business, be daring, be first, be different." Think of ways to achieve the best; formulas to increase productivity or decrease overhead. Profit is your drive.

"Profitability is the sovereign criterion of the enterprise," wrote Peter Drucker. And, profitability is the core of any achievement - whether financial or artistic.

Once you achieve your goals, think of ways to benefit others. "Money-getters are the benefactors of our race," said P.T. Barnum. "To them we are indebted for our institutions of learning, and of art, our academies, colleges and churches." How can you benefit humankind and still keep enough to fulfill your own desires?

The Hidden Asset

Not all success can be counted in dollars; not all richness is measured by money. "The great secret of success is to go through life as a person who never gets used up," said Albert Schweitzer. "Retire upon yourself and look for the ultimate cause

of things inside you."

Look within yourself for the ultimate inspiration, and follow the true feelings you discover. "One of my favorite methods is to whisper," said Alfred Hitchcock. "I've discovered the best work is done with sweet reason."

Act upon your own conscience -that guides; that judges your actions and signals your behavior. "Conscience is the inner voice that warns us that someone may be looking," wrote H.L. Mencken.

Accomplish what you desire; fulfill your inner yearnings. But don't compromise your deepest feelings.

"We do our best that we know how at the moment, and if it doesn't turn out, we modify it," said F.D. Roosevelt.

Follow the paths that life offers you and live the fullest existence you can.

Take A Look

Look at yourself and look at those who have succeeded throughout history. Do you have what it takes? Even if you have only a few of the qualities of the other great people, you can achieve your heart's desire.

Reach for the highest, then reach higher. Accomplish your steps one by one on a daily basis, always moving forward, always making progress. Encourage yourself. Insist that you can succeed and affirm these thoughts daily.

Keep a sense of proportion and judge for yourself. Then keep busy at the tasks you've set out to accomplish. What's keeping you? "Genius is one percent inspiration and ninety-nine percent perspiration," said Albert Einstein.

Find inspiration wherever you can. Talk to people; read about people; learn your business or craft. Believe that you can do it and you will. The only way to dispel the doubt that you can do something is to finish it.

Always be the best you can be. Never fall short from fatigue or lethargy. Don't attempt to do anything that you can't give your all to.

There is no way to inner satisfaction without appealing to the higher consciousness. Search within and without to find the paths that are meant for you and follow them with conviction and a steady heart. And, you will succeed to

become as rich and full as you ever desired.

Harold Ickes wanted the "freedom to live one's life with the window of the soul open to new thoughts, new ideas and new aspirations."

And Woody Allen looked for a clear path. "If only God would give me some clear sign" he said. "Like making a large deposit in my name at a Swiss bank."

Finally, Sophie Tucker sums up everyone's worldly outlook: "I've been rich and I've been poor," she said. "Rich is better."

Take a look at yourself - inside and out. Where do you live, what job do you have, how do you relate to your friends and family? What interests do you pursue, what adventures do you have?

What do you truly want from life? Do you want wealth and success, happiness and peace of mind? Do you want a family and a yard , a yacht or a sports car? Where are you going? Do you have a particular goal or are you just wandering through life?

You can accomplish anything you want in life - that's true. Once you have a particular goal, you can fulfill that desire by straightforward commitment and total conviction.

But what if you don't know what you want? Maybe your goals are small ones - like losing some weight, or buying a new car. Maybe getting a promotion or finding a mate. Whether you want a bigger apartment or want to be a corporation president, any avenue of prosperity and achievement is open to you if it is truly what you want.

No goal is too small; no dream is too big. And even if you aren't clear on your desires, you can tap into your subconscious mind to get the answers and to find the paths to success.

Can you change your life - do you want to? Can you picture yourself as your most

perfect image of accomplishment? How does it feel? If you have the desire to attain goals, the commitment to follow through and the ability to creatively imagine yourself in the position you dream of, you are more than halfway there.

The most successful leaders and artists throughout history have followed specific paths and attained their hearts' desires. Keep an open mind and a hopeful outlook - then change your thinking. Put on the clothes of success. Act as though you already have accomplished your desires. Then let the reality catch up.

What Do You Want?

Take a choice: money, health, physical energy, beauty, creativity, recognition, power, adventure, contentment, achievement, self-expression, authority, love, peace of mind, enlightenment. Would you like any of these? If you are like most people today, you probably want ALL of these.

But if you search your true desires, you might find that there are a few things you want more than others. And, if you keep going in your search, you'll find one desire that has been with you your whole lifetime and is the one path you need to follow.

Although money is the obvious desire, it is usually not the final goal. Indeed, money can, and does buy happiness - up to a point. Once you have enough money to be financially secure or to purchase the material objects you want, the true desire might be something else.

Love is the goal of every person's heart. Whether it is love of a mate, or a family, or respect and recognition from peers and fellow workers, love is the ageless pursuit. The mystics say that love is the sole purpose of life- to give love and to find it.

But love comes in many forms. Not only is there the overt display of affection or true inner feelings, but there is the self-respect and inner contentment that goes with accomplishment. For some people, true peace of mind will never be attained until they complete some creative tasks or achieve certain heights in business.

Many people seek the authority that comes with a good position in a job. Along with that can come recognition and fame. Although you may want the money that is associated with high management levels, many people simply seek that

satisfaction of working from the inner circles.

The goal of every person regardless of background and material desires, is health. A sound body is the gift that will get you to the other goals. Even a new diet and exercise plan can give you more energy - the energy you'll need to accomplish success.

Adventure and travel is a driving force for many people. They may seek jobs that involve travel, or they may be looking forward to taking time off to visit the exotic ports and see the other side of the world. If you don't want a long journey, perhaps you'd just like a few weeks in a sunny resort or the luxury of a summer and winter vacation each year.

And then there is creativity and self-expression. What about the book you're going to write or the watercolor class you'd like to take? Creative expression is a wonderful inner release that boosts confidence and gives you something to accomplish. Finally, regardless of wealth and health, expression and love, everyone is looking for peace of mind. That's not to say emptiness of mind, but to be rid of petty worries and confusion, to be finished with fears and live in total awareness. It surely is the ultimate lifetime goal.

Catch Up With Yourself

Now's the time to evaluate your life and your desires. Go ahead and test yourself - nobody's looking. Try to find out what your inner desires really are. Once you know, you can formulate a plan of action, and then achieve your goals. Right now, write down three things you want. Don't spend time thinking about them - just write them down. You may be surprised at what you want. Can you see any relation to the types of desires most sought for?

What accomplishment are you most proud of? What make you happy - happy enough to be content, to feel totally relaxed, and to slide back with a smile on your face.

Without dwelling on failures, mistakes, or past ill feelings, quickly list the important accomplishments of your life. Think about the places you went to, the relationships you encountered, the education you received. Consider your job changes and positions, and the achievements related to work.

Put a star next to the most important accomplishments of your life. Is there any correlation with the list of the three things you want most?

Make Plans

Before you go any further with your life, make a list for your future. Write it down - don't just think it. What would you like to accomplish in the next ten years? A new house, a high-paying position, a home in a new city, a trip around the world? Break that list down into those things you'd like to accomplish in the next five years. Then make one further division into the next six months. What can you do in the next few months to further you towards your long-term goals?

GOAL SHEET My most important desires are:

- (a) In my lifetime, the most important things I've accomplished:
- (b) If I looked back on my lifetime in 20 years, I'd like to have accomplished:
- (c) Within 10 years, I'd like to achieve:
- (d) Within 5 years, I'd like to achieve:
- (e) In the next six months to a year, these are the things I'm going to do to work towards by goals:
- (f) Regardless of your family commitments or your personal relationships; regardless of your business enterprises or any false sense of achievement, what do you really want?

Give yourself credit for your past accomplishments, and give yourself credit for your future achievements. You can and will attain all your goals, both long-term and short-term if you approach them in a step-by-step fashion and if you believe that they are worthwhile for you. **YOU ARE THE MOST IMPORTANT PERSON IN YOUR LIFE.**

Although you can be considerate of your environment and all the people in it, first consider yourself. Your well-being, your happiness, your success. Make a pact with yourself right now that you will achieve your goals. And make them realistic to reach. Then one by one, make your own life the success it deserves.

Before The Race - Relax

An important step in achieving goals is to be able to relax. You'll get nowhere if your body and mind are nervous and flighty, jumping from one place or idea to another. In order to focus on your goal, you must center your being.

Relaxation is the balance of the mental, spiritual and physical aspects of yourself. Set aside time each day for deep relaxation - not sleep, but relaxation. The state of deep relaxation is a state of meditation. There are no thoughts in your mind. There are no physical ills or discomforts. You breathe in deeply, allowing the lungs to fill with fresh air, and you exhale all used and stale air. The blood circulates amply throughout every part of your body. You drift through space, ever towards your true destiny.

Exercise or sports is a good way to get into relaxation. The body needs physical stimulation to pump blood into all its extremities, and to give the heart a good workout. Exercise is a wonderful way to let the mind relax, as you place your thoughts on the way your body moves. For many people, sports and exercise are enjoyable ways to feel alive, youthful, and fulfilled.

Then take time to relax. Lie down on your back with your arms out, palms up. Your feet should be about two feet apart. You might clench your muscles first, then relax them. Allow your thoughts to drift, but don't get caught in them. Watch them go by, as if they belong to somebody else.

If you have a special problem, tuck that in the back of your mind - don't dwell on it up front. Let yourself and your emotions go. Breathe out the negative feelings and emotions; breathe in positive, life-giving air. Float freely. Relax. **ASSUME THE BEST.** Expect to achieve; expect to accomplish your desires; expect to win. Accept less, but push on to attain more. The higher your goals, the further you'll go.

The moon is no problem, nor are the neighboring planets. Soon human beings will see close-ups of other stars and galaxies. Don't go for less than your full potential. Shoot for the universe. You owe yourself nothing less.

And aside from the universe, keep yourself on Earth, in your office or studio, working closer to those goals you want to attain.

You have a right to be happy. You have the means to be successful. You can succeed in what you desire.

Always keep in mind the fact that you are in transit, attaining your goals, moving through life as though you are an actor, and the setting is a stage.

Keep your thoughts firmly planted on prosperity, good fortune and lucky breaks. Assume that you will, in fact, nearly have accomplished your goals. It is with that attitude that successful people achieve.

Do You Have The Potential?

Within you is the power to accomplish anything you want. But it will not happen if you are not tuned into your true desires. Don't fool yourself into compromising for less than a complete goal. If you want to be an artist, you may not be the world's most famous artist, but if you have that inclination, you will be an artist. If you want to succeed in business, you may not be another financier/mega-millionaire, but you will succeed in your endeavors.

Most people need accomplishment feedback. After all, what's so great about achieving something if nobody cares? And it's important to receive that recognition and feel that love.

Set goals that you can achieve. Divide them into little tidbits that you can accomplish every day, every month, every year. Set your goals for success.

Then reap the rewards constantly - each step of the way. Pat yourself on the back for a job well done, then move on. Start immediately to accomplish the goals you have set. In fact, give yourself a task that you can finish by tomorrow. Think of yourself as a success in your endeavors. Dwell on the idea that you are compelled to accomplish your goals, and live and breathe them until you have them.

Can you see yourself a year from now, having achieved a few goals? Can you make the decision and commitment to become successful in your desires? Then you have the potential to accomplish anything you want.

The Power Of Self-Image

Visualizing yourself as a success in your field of endeavor is the inside tip in accomplishing anything you want. If you can specifically imagine being the person you want to become, you will attain that reality.

Forgive yourself. Just as you would another person, tell yourself that it's okay for

all those mistakes, or the should-haves that keep popping up in your mind. Don't dwell on the past and get blocked by events from long ago.

Let go of fears and anxieties. Although it certainly is easier said than done, learn to change negative thoughts into a positive action. Are you afraid of poverty - that you'll never make ends meet, or never buy that house, or be destitute once you stop working? Then turn that into the positive goal of financial security.

Do people make you anxious? Maybe you feel inferior, not as good as others. Everybody has feelings of inadequacy. Just turn them around into positive goals. You may be paralyzed by the thoughts that you are unattractive. It is your thoughts that make it a reality. Change your modes of behavior and you will make friends. In most cases, it is your own negative thoughts that cause you to stay stuck in whatever place you're in. Keep moving. Take the risks. You may need to change your job, or move to another city. You might take up a sport or hobby. Become active in your life - participate. And you will grow into the image you see for yourself.

Success In Business

Perhaps the most sought-after goal in our present society is success in business. Whether you want to be promoted into high paying management positions, or wish to start your own independent enterprise, knowledge of the business world is important.

As you plan a course of action towards accomplishing your goal, keep in mind the small goals that put you closer to the end. And be prepared to change often. You may need to change companies, or take the opportunities in other departments as those positions open.

Create an aura of success around you. People who are successful dress that way. Even if you're not in a high-income bracket, act as though you have already achieved - without being egotistical or overspending.

Develop an expertise in an area. Don't keep special information to yourself, but be quick to learn all there is about your position and the tasks surrounding getting that job done. Capitalize on your strengths, and let others help you develop your weaknesses into assets.

Get to know the people in the company and the people in the industry. Read all the trade journals and magazines relating to your company. Make appointments with people who are successful in your field and learn from them.

You need to have a total commitment to succeed in business. Most people who make it to the executive boardroom put in long hours, often at the sacrifice of everything else. Regardless of the physical effort involved, you must mentally be engrossed in your business and the company enterprises.

In order to help yourself develop fully, you might seek a mentor, someone who will offer you time and teach you the ropes. This person usually is someone who believes in your ability, someone who you can develop a mutually beneficial business relationship with.

Some people become friendly with all their co-workers and find that is a way to advance. But don't try to be extroverted if it's not real to you. Most people who successfully run their own businesses are individuals who like to work alone.

As you increase your activities and accomplishments, you increase your potential to reach higher. The more you achieve, the more confidence you develop to achieve more. You don't have to be the same as everyone else and fit like a vegetable in a patch. Be unique, different. Capitalize on your own self-image. Don't fall victim to self-consciousness. And trust your intuition. Hunches and inner feelings usually are the best route to travel, regardless of what seems to be the logical choice. Make decisions quickly and with firmness. A true leader will handle these responsibilities efficiently. That's what makes you different and why you'll rise to the top.

Be persistent in attaining your goals, but be open and sincere. Many people choose not to increase their own accomplishments. It surely is the ushments and will give you the right-of-way to be successful.

If you are having personal difficulties with any co-workers, try to know more about these people from a personal angle. Be interested in them and their accomplishments and goals. You might be able to turn opposition into friendship.

Above all, use your integrity. If the goal is not worthy of your inner desires, it will be hard to attain. If your methods are not sincere, you will receive opposition. If your actions are not honest, you will suffer the consequences. Turn all negative

qualities into positive aspects - then watch yourself achieve.

Tips On Attaining Wealth

Many people want money as a primary goal. And there certainly is nothing wrong with desiring money. But first, be sure that your true goal is money. Can you live, breathe, eat, and sleep money? Do you dream about money, and want it more than anything?

For true money-seekers, you must be your own boss. The great money-makers all started and ran their own businesses. And, even though it seems as though all the good ideas have already been taken, there are plenty out there.

The secret of the wealthiest people is to find a special need and fill it. Like quick-food chains; like supermarkets; like electronic games. Whether you invent a new toy or gadget, or see a spot to market special items in a new way, the world is open to true entrepreneurs. And they do make it.

Learn Your Trade

Almost any goal you choose - whether riches and material abundance or spiritual attainment - requires learning. How much education do you have? Do you want more? Perhaps your goal is to get another degree or to secure a special license.

There are countless opportunities to learn more about your own industry or to learn about a new skill. Not only do you have the colleges and universities, but there are many trade schools, correspondence schools, and special groups that teach skills - at very reasonable prices.

Keep The End In Mind

What do you need to know to get to where you want to be? You may not need a degree, but the actual experience. So you'd need to change jobs or accept a part-time job at night to develop your skills.

More than ever, people are leaving their present occupations to learn a new trade and then starting at the bottom again to be happy in their work. Maybe you'll need to put in extra hours at work now so that you can save money to take the time off next year.

Even though most entry level positions are offered to the younger people, you can find many companies willing to give you a chance to change your occupation. Many times you might find an older master willing to apprentice you to learn the skill or trade.

Once you're enrolled to learn new skills, put everything towards learning. Apply yourself one hundred percent. Take advantage of asking questions and getting criticism from teachers and fellow students. Read everything you can study well. It is your developing expertise that will get you ahead and closer to your goal.

It's always a good time to learn more. Even if you are happy in your job, expanding yourself through education is a very rewarding activity. Take dancing or tennis, gourmet cooking or sculpture. Any activity is taught and shared by many enthusiasts.

Stop Wasting Time

Consider the most important things you need to accomplish. These are high priorities. Then think about those things that seem to take up a lot of time and get you nowhere. Those are the low priorities.

Understand what's important to achieve and do those things first. Let go of all the busywork for paperwork that piles up. It's better for you to stack those low priorities somewhere else and finish the important material than to spend time clearing your desk to get down to the essential things.

You'll be noticed more quickly for the big things you achieve than for keeping paper flowing. Don't let co-workers waste your time with chitchat if you've got things to accomplish. Save that for lunch hours or for after work social activities.

Handle paper once; decide the action and finish with it. Keep interruptions to a minimum and delegate responsibilities. Although you'd like to believe you're indispensable to the job and you are the only one to take care of many things, you can teach someone else and move on to your own goal achievements.

Don't Procrastinate.

What are you waiting for? Few opportunities are thrown at you; you have to create the right positions and situations to move up. Make lists of things you want

to accomplish and do them.

If you're busy in an office situation, make daily lists and reward yourself with praise upon completion. Catch yourself achieving.

Concentrate on what you're doing and do one thing at a time. But do it quickly and handle the next thing. Be efficient in telephone calls, maybe taking them at appointed times or calling back at your convenience.

Don't generate copies or correspondence that make you look like you are doing things. Your superiors will know what you accomplish. Be busy doing important things rather than writing about what you've done.

And take the time for physical exercise. It will energize you - not take away from your effectiveness. It relaxes your mind and stimulates your capacity to achieve.

Look Within

An inner core of all accomplishment is the positive energy from the subconscious. If your subconscious mind has tapped into your goal and believes it is good for you, your energies will direct themselves towards that goal.

You can consciously create circumstances and conditions of environment and physical presence. But it is that level behind the outwardly physical that directs your true being. When the subconscious mind accepts an idea, the inner power will complete it.

That's why you can accomplish anything you want - by creating all outward manifestations to trigger your subconscious into action. As you decide on your goals and write them down, repeat them twice a day out loud. This in essence brings it to the inner level.

When you think about your goals and desires, the subconscious hears it. So direct your energies - both outer and inner - to your goal with one-pointed devotion. In that way, you can control your destiny.

In order to connect to your inner self, relax - let your thoughts go. Feel that part within you that actually makes the decisions - the reflexes, the instincts, the intuition and hunches. Let your mind be quiet from its usual chatter.

Some people present problems to their inner consciousness by asking themselves a question before they fall asleep. Often the answer is in their minds when they

wake up.

Clarity rids confusion. If you find you're filled with worries and anxieties, spend the time to think them through. Approach them logically, considering the consequences of all possible actions. When you've made a decision, follow through and don't agonize over what-ifs.

Everybody has creative potential. And you don't have to be an artist to be creative. Each moment of the day is creating your own self, becoming your true inner person.

Let yourself look within. Release the handicaps of fear and anxiety - even for a moment. You'll be relaxed and refreshed.

Use Affirmations

The same technique has been used by great inventors, financiers, business people, political figures and enlightened beings: constant repetition of the goal and the belief that you can attain it.

Never dwell on self-criticism or what you think are your inadequacies. Instead, repeat your goals and the qualities that will make you successful.

Write out your outstanding goal. In a few words, describe what you want to attain. Then write what you will do to achieve that. What energies and efforts will you trade for that success?

Give yourself a specific date to accomplish this goal, and specific times to carry out the interim steps. Put this paper or note card in a visible place - such as taped to the mirrors - so you can review it and repeat it at least twice a day.

It is those people who convince themselves that they are failures. And successful people believe that they will rise to the top and will achieve their goals. Believe in yourself. You are everything worth believing in.

Creative Visualization

Form the habit of accomplishment. With every step you take and every decision you make, bring yourself closer to your goals. Walk through your life with this sense of direction and they will come to you.

Develop self-confidence and esteem. Assert yourself and acquire all the excellent

qualities and traits you admire most. What is your ultimate goal? How do you see yourself? Be specific. Precisely specific. Visualize the place you live in - the rooms, the paintings on the walls, the furniture and swimming pool. Consider the family situation and financial stability. Think about the place you'll be living in.

Then look at yourself. What clothes are you wearing and what do you look like? Consider your physique, your hair, the condition of your body.

Then think about the things you do. What sports do you play, what groups do you belong to?

As if you've already accomplished your desires, look back and see what you did to get to where you are. Think about the classes you took, the jobs you worked at, and the places you moved to. Think about the places you've traveled to and the friends you've made.

Be comfortable with your new self-image. Put it on for size and change your fantasy to adjust perfectly to you. Why don't you live as though you're already there? What's stopping you from becoming the person you are totally capable of becoming?

Become Your Full Potential

Keep your goals and ambitions to yourself - don't share them with anyone, not yet. Write them down and refer to them. Look back at what you wrote in a month, then in a few months. Work on them constantly, and don't be afraid to revise and rewrite. Goals are always changing.

Think in possibilities. What is possible for you to achieve in the next six months? And go for it. Don't play it safe with what you'll probably achieve anyway. Push yourself to go further. The rewards are greater.

Feel the winning feeling. Feel successful already. Try on the clothes of total accomplishment and peace of mind. Live each day as though you have already reached your goals. There are always new ones to place in front of yourself.

Don't announce your goals. This will set you up for failure. Even if you make a pact with yourself to attain a specific goal, don't chastise yourself if you don't make it. It may have been unrealistic or you may not have tried hard enough.

Do it yourself. There is nobody better to help you achieve your desires than you.

Tap into the power of the subconscious and practice being your own fantasy. Then go ahead. Act on your convictions. Follow them through with devotions and then reap the rewards. You CAN accomplish anything you want in life.

Federal Trade Commission - February 1993

- Shop around for credit card terms that are best for you.
- Make sure you understand the terms of a credit card plan before you accept the card.
- Pay bills promptly to keep finance charges as low as possible.
- Keep copies of sales slips and promptly compare charges when your bills arrive.
- Draw a line through blank spaces about the total when you sign receipts.
- Keep a list of your credit card account numbers and the telephone numbers of each card issuer in a safe place in case your cards are lost or stolen.

Bureau of Consumer Protection Office
of Consumer & Business Education
(202) 326-3650

Chances are you have received offers in the mail asking if you would like to open credit card accounts. Frequently, these offers say that you have been 'pre-approved' for the card, with a line of credit already set aside for your use. Typically, these offers urge you to accept quickly, 'before the offer expires.' However, before accepting a credit card offer, understand the card's credit terms

and compare costs of similar cards to get the features and terms you want.

Choosing a Credit Card

Credit card offers may seem attractive, but remember a credit card is a form of borrowing that usually involves a 'finance charge' -- a charge for the convenience of borrowing -- and often other charges as well.

Credit Card Terms

Before selecting a credit card, learn which credit terms and conditions apply. Each affects the overall cost of the credit you will be using. Under the Fair Credit and Charge Card Disclosure Act, you can compare terms and fees before you agree to open a credit card or charge card (no interest) account. Be sure to consider and compare the following terms that direct-mail applications and pre-approved solicitations must reveal.

Annual Percentage Rate

The 'annual percentage rate,' or APR, is disclosed to you when you apply for a card, again when you open the account, and it is also noted on each bill you receive. It is a measure of the cost of credit, expressed as a yearly rate. The card issuer also must disclose the 'periodic rate' -- that is, the rate the card issuer applies to your outstanding account balance to figure the finance charge for each billing period.

Some credit card plans allow the card issuer to change the annual percentage rate on your account when interest rates or other economic indicators (called indexes) change. Because the rate change is linked to the performance of the index, which may rise or fall, these plans are commonly called 'variable rate' plans. Rate changes raise or lower the amount of the finance charge you pay on your account. If the credit card you are considering has a variable rate feature, the card issuer must tell you that the rate may vary and how the rate is determined, including which index is used and what additional amount (the 'margin') is added to the index to determine your new rate. You also must be told how much and how often your rate may change.

Free Period

A free period -- also called a 'grace period' -- allows you to avoid the finance charge by paying your current balance in full before the 'due date' shown on your statement. Knowing whether a credit card plan gives you a free period is especially important if you plan to pay your account in full each month. If there is no free period, the card issuer will impose a finance charge from the date you use your credit card or from the date each credit card transaction is posted to your account. If your credit card plan allows a free period, the card issuer must mail your bill at least 14 days before your payment is due. This is to ensure that you have enough time to make your payment by the due date.

Annual Fees

Most credit card issuers charge annual membership or other participation fees. These fees range from \$25 to \$50 for most cards, and from \$75 on up for premium 'gold' or 'platinum' cards.

Transaction Fees and Other Charges

A credit card also may involve other types of costs. For example, some card issuers charge a fee when you use the card to obtain a cash advance, when you fail to make a payment on time, or when you go over your credit limit. Some charge a flat monthly fee whether or not you use the card.

Balance Computation Method for the Finance Charge

If your plan has no free period, or if you expect to pay for purchases over time, it is important to know how the card issuer will calculate your finance charge. This charge will vary depending upon the method the card issuer uses to figure your balance. The method used can make a difference, sometimes a big difference, in how much finance charge you will pay -- even when the APR is identical to that charged by another card issuer and the pattern of purchases and payments is the same. Examples of how finance charges based on identical APRs can differ are shown on a following page.

Average Daily Balance (including or excluding new purchases)

The average daily balance method gives you credit for your payment from the day the card issuer receives it. To compute the balance due, the card issuer totals the beginning balance for each day in the billing period and deducts any payments credited to your account that day. New purchases may or may not be added to the

balance, depending on the plan, but cash advances typically are added. The resulting daily balances are added up for the billing cycle and the total is then divided by the number of days in the billing period to arrive at the 'average daily balance.' This is the most common method used by credit card issuers.

Adjusted Balance

This balance is computed by subtracting the payments you made and any credits you received during the present billing period from the balance you owed at the end of the previous billing period. New purchases that you made during the billing period are not included. Under the adjusted balance method, you have until the end of the billing cycle to pay part of your balance and you avoid the interest charges on that portion. Some creditors exclude prior, unpaid finance charges from the previous balance. The adjusted balance method usually is the most advantageous to card users.

Previous Balance

As the name suggests, this balance is simply the amount that you owed at the end of the previous billing period. Payments, credits, or new purchases made during the current billing period are not taken into account. Some creditors also exclude unpaid finance charges in computing this balance. If you do not understand how the balance on your account is computed, ask the card issuer. (An explanation of how the balance was determined must appear on the billing statements the card issuer provides you and on applications and pre-approved solicitations the card issuer may send you.)

The following are examples of how different methods of calculating finance charges affect the cost of credit:

Average Daily Balance (including new purchases)	Average Daily Balance (excluding new purchases)
Monthly rate 1 1/2%	1 1/2%

APR	18%	18%
-----	-----	-----

Previous

Balance	\$400	\$400
---------	-------	-------

New Purchases	\$50	\$50
---------------	------	------

on 18th day	on 18th day
-------------	-------------

Payments	\$300	\$300
----------	-------	-------

on 15th day	on 15th day
-------------	-------------

(new balance = \$100) (new balance = \$100)

Average

Daily Balance	\$270*	\$250**
---------------	--------	---------

Finance Charge	\$4.05	\$3.75
----------------	--------	--------

(1 1/2% x \$270)	(1 1/2% x \$250)
------------------	------------------

* To figure average daily balance (including new purchases):

$(\$400 \times 15 \text{ days}) + (\$100 \times 3 \text{ days}) + (\$150 \times 12 \text{ days}) \text{ divided by } 30 \text{ days} = \270

** To figure average daily balance (excluding new purchases):

$(\$400 \times 15 \text{ days}) + (\$100 \times 15 \text{ days}) \text{ divided by}$
 $30 \text{ days} = \$250$

Adjusted Balance Previous Balance

Monthly rate 1 1/2% 1 1/2%

APR 18% 18%

Previous

Balance \$400 \$400

Payments \$300 \$300

Average

Daily Balance N/A N/A

Finance Charge \$1.50 \$6.00
 $(1 \frac{1}{2\%} \times \$100)$ $(1 \frac{1}{2\%} \times \$400)$

Costs and Features

Credit terms differ among card issuers, so shop around for the card that is best for you. Which one is best may depend on how you plan to use it. If you plan to pay bills in full each month, the size of the annual fee or other fees, and not the periodic and annual percentage rate, may be more important. If you expect to use credit cards to pay for purchases over time, the APR and the balance computation method are important terms to consider. In either case, keep in mind that your

costs will be affected by whether or not there is a grace period.

When shopping for a credit card, you probably will want to look at other factors besides costs -- such as whether the credit limit is high enough to meet your needs, how widely the card is accepted, and what services and features are available under the plan. You may be interested, for example, in 'affinity cards' -- all-purpose credit cards that are sponsored by professional organizations, college alumni associations, and some members of the travel industry. Frequently, an affinity card issuer donates a portion of the annual fees or transaction charges to the sponsoring organization, or allows you to qualify for free travel or other bonuses.

Using a Credit Card

Federal law prohibits card issuers from sending you a credit card that you did not request. (The issuer may send you a renewal or substitute card without a request.) Card issuers are permitted to mail you an application or a solicitation for a credit card or to ask you by phone whether you want to receive a card -- and to send you one if you say yes.

Credit Card Protections

Federal law protects consumers when they use credit cards. The protections include the following items.

Prompt Credit for Payment

A card issuer must credit your account on the day the issuer receives your payment, unless the payment is not made according to the creditor's requirements or the delay in crediting to your account does not result in a charge. To avoid delays that could result in finance charges, follow the card issuer's instructions about where to send payments. Payments sent to other locations could delay getting credit for your payment for up to five days. If you lose your payment envelope, look on the billing statement for the address for payments or call the card issuer.

Refunds of Credit Balances

When you return merchandise or pay more than you owe, you have the option of

keeping the credit balance on your account or requesting a refund (if the amount exceeds \$1.00). To obtain a refund, write the card issuer. The card issuer must send you the refund within seven business days of receiving your request. (Also, if a credit balance remains on your account for more than six months, the card issuer must make a good faith effort to refund the credit balance.)

Errors on Your Bill

Federal law provides specific rules that the card issuer must follow for promptly correcting billing errors. The card issuer will give you a statement describing these rules when you open the credit card account and, after that, at least once a year. In fact, many card issuers print a summary of your rights on each bill they send you. You must notify the card issuer in writing at the address specified for billing errors when you find an error, and you must do so within 60 days after the first bill containing the error was mailed to you. (For this reason, keep your credit card receipts and promptly compare them when your bills arrive.) In your notification letter, include your name, your account number, the amount of the suspected error, and the reason why you believe that the bill contains an error. The card issuer, in turn, must look into the problem and either correct the error or explain to you why the bill is correct. This must occur within two billing cycles and not later than 90 days after the issuer receives your billing error notice. During the period that the card issuer is investigating the error, you do not have to pay the amount in question. (For further information, write: 'Credit Billing Errors,' Public Reference, Federal Trade Commission, Washington, D.C. 20580.)

Unauthorized charges

Under federal law, if your credit card is used without your authorization, you can be held liable for up to \$50 per card. If you report the loss before the card is used, federal law says the card issuer cannot hold you responsible for any unauthorized charges. If a thief uses your card before you report it missing, the most you will owe for unauthorized charges is \$50. This is true even if a thief is able to use your credit card at an automated teller machine (ATM) to access your credit card account. To minimize your liability, report the loss of your card as soon as possible. Some companies have toll-free numbers printed on their statements and 24-hour service to accept such emergency information. For your own protection, you should follow up your phone call with a letter to the card issuer. The letter

should give your card number, say when your card was missing, and mention the date you called in the loss.

Disputes about Merchandise or Services

If you have a problem with merchandise or services that you charged to a credit card, and you have made a good faith effort to work out the problem with the seller, you have the right to withhold from the card issuer payment for the merchandise or services. You can withhold payment up to the amount of credit outstanding for the purchase, plus any finance or related charges. If the card you used is a bank card, a travel and entertainment card, or another card not issued by the seller of the defective merchandise, you can withhold payment only if the purchase exceeded \$50 and occurred in your home state or within 100 miles of your billing address. If these conditions do not apply to you, you may want to consider filing an action in small claims court -- an informal legal proceeding that can be used to settle disputes. While the maximum amounts that can be claimed or awarded differ from state to state, most small claims courts hear cases involving amounts ranging from \$25 to \$2,000. Some states have recently raised their limits to \$5,000. Check your local telephone book under your municipal, county, or state government headings for small claims court listings.

Some Suggestions

- * Shop around for credit card terms that are best for you.
- * Make sure you understand the terms of a credit card plan before you accept the card. Review the disclosures of terms and fees that must appear on credit-card offers you receive in the mail.
- * Pay bills promptly to keep finance charges as low as possible.
- * Keep copies of sales slips and promptly compare charges when your bills arrive.
- * Protect your credit cards and account numbers to prevent unauthorized use. Draw a line through blank spaces above the total when you sign receipts. Rip up or retain carbons.
- * Keep a list of your credit card numbers and the telephone numbers of each card issuer in a safe place in case your cards are lost or stolen.

Where To Go For Help

The following federal agencies are responsible for enforcing federal laws that govern credit card transactions. Questions concerning a particular card issuer should be directed to the enforcement agency responsible for that issuer.

State Member Banks of the Reserve System

Consumer and Community Affairs

Board of Governors of the Federal Reserve System

20th & C Sts., N.W.

Washington, D.C. 20551

National Banks

Comptroller of the Currency

Compliance Management

Mail Stop 7-5

Washington, D.C. 20219

Federal Credit Unions

National Credit Union Administration

1776 G St., N.W.

Washington, D.C. 20456

Non-Member Federally Insured Banks

Office of Consumer Programs

Federal Deposit Insurance Corporation

550 Seventeenth St., N.W.

Washington, D.C. 20429

Federally Insured Savings and Loans, and Federally Chartered State Banks
Consumer Affairs Program
Office of Thrift Supervision
1700 G St., N.W.
Washington, D.C. 20552

Other Credit Card Issuers
(includes retail/gasoline companies)
Division of Credit Practices
Bureau of Consumer Protection
Federal Trade Commission
Washington, D.C. 20580

Board of Governors of the Federal Reserve System

Introduction

The Consumer Credit Protection Act of 1968--which launched Truth in Lending--was a landmark piece of legislation. For the first time, creditors had to state the cost of borrowing in a common language so that you--the customer--could figure out exactly what the charges would be, compare costs, and shop around for the credit deal best for you.

Since 1968, credit protections have multiplied rapidly. The concepts of "fair" and "equal" credit have been written into laws that outlaw unfair discrimination in credit transactions; require that consumers be told the reason when credit is denied; let borrowers find out about their credit records; and set up a way to settle

billing disputes.

Each law was meant to reduce the problems and confusion surrounding consumer credit which, as it became more widely used in our economy, also grew more complex. Together, these laws set a standard for how individuals are to be treated in their financial dealings.

The laws say, for instance:

- that you cannot be turned down for a credit card just because you're a single woman;
- that you can limit your risk if a credit card is lost or stolen;
- that you can straighten out errors in your monthly bill without damage to your credit rating; and
- that you won't find credit shut off just because you've reached the age of 65.

But, let the buyer be aware! It is important to know your rights and how to use them. This handbook explains how the consumer credit laws can help you shop for credit, apply for it, keep up your credit standing, and--if need be--complain about an unfair deal. It explains what you should look for when using credit and what creditors look for before extending it. It also points out the laws' solutions to discriminatory practices that have made it difficult for women and minorities to get credit in the past.

The Cost Of Credit

Shopping is the First Step

You get credit by promising to pay in the future for something you receive in the present.

Credit is a convenience. It lets you charge a meal on your credit card, pay for an appliance on the installment plan, take out a loan to buy a house, or pay for schooling or vacations. With credit, you can enjoy your purchase while you're paying for it--or you can make a purchase when you're lacking ready cash.

But there are strings attached to credit too. It usually costs something. And of course what is borrowed must be paid back.

If you are thinking of borrowing or opening a credit account, your first step should

be to figure out how much it will cost you and whether you can afford it. Then you should shop around for the best terms.

What Laws Apply?

Two laws help you compare costs:

TRUTH IN LENDING requires creditors to give you certain basic information about the cost of buying on credit or taking out a loan. These "disclosures" can help you shop around for the best deal.

CONSUMER LEASING disclosures can help you compare the cost and terms of one lease with another and with the cost and terms of buying for cash or on credit.

The Finance Charge and Annual Percentage Rate (APR)

Credit costs vary. By remembering two terms, you can compare credit prices from different sources. Under Truth in Lending, the creditor must tell you--in writing and before you sign any agreement--the finance charge and the annual percentage rate.

The finance charge is the total dollar amount you pay to use credit. It includes interest costs, and other costs, such as service charges and some credit--related insurance premiums.

For example, borrowing \$100 for a year might cost you \$10 in interest. If there were also a service charge of \$1, the finance charge would be \$11.

The annual percentage rate (APR) is the percentage cost (or relative cost) of credit on a yearly basis. This is your key to comparing costs, regardless of the amount of credit or how long you have to repay it:

Again, suppose you borrow \$100 for one year and pay a finance charge of \$10. If you can keep the entire \$100 for the whole year and then pay back \$110 at the end of the year, you are paying an APR of 10 percent.

But, if you repay the \$100 and finance charge (a total of \$110) in twelve equal monthly installments, you don't really get to use \$100 for the whole year. In fact, you get to use less and less of that \$100 each month. In this case, the \$10 charge for credit amounts to an APR of 18 percent.

All creditors--banks, stores, car dealers, credit card companies, finance companies--must state the cost of their credit in terms of the finance charge and the APR.

Federal law does not set interest rates or other credit charges. But it does require their disclosure so that you can compare credit costs. The law says these two pieces of information must be shown to you before you sign a credit contract or before you use a credit card.

A Comparison

Even when you understand the terms a creditor is offering, it's easy to underestimate the difference in dollars that different terms can make. Suppose you're buying a \$7,500 car. You put \$1,500 down, and need to borrow \$6,000. Compare the three credit arrangements on the next page.

How do these choices stack up? The answer depends partly on what you need. The lowest cost loan is available from Creditor A.

If you were looking for lower monthly payments, you could get them by paying the loan off over a longer period of time. However, you would have to pay more in total costs. A loan from Creditor B--also at a 14 percent APR, but for four years--will add about \$488 to your finance charge.

If that four-year loan were available only from Creditor C, the APR of 15 percent would add another \$145 or so to your finance charges as compared with Creditor B.

Other terms--such as the size of the down payment--will also make a difference. Be sure to look at all the terms before you make your choice.

Cost of Open-end Credit

Open-end credit includes bank and department store credit cards, gasoline company cards, home equity lines, and check overdraft accounts that let you write checks for more than your actual balance with the bank. Open-end credit can be used again and again, generally until you reach a certain prearranged borrowing limit. Truth in Lending requires that open-end creditors tell you the terms of the credit plan so that you can shop and compare the costs involved.

When you're shopping for an open-end plan, the APR you're told represents only the periodic rate that you will be charged--figured on a yearly basis. (For instance, a creditor that charges 1% percent interest each month would quote you an APR of 18 percent.) Annual membership fees, transaction charges, and points, for

example, are listed separately; they are not included in the APR. Keep this in mind and compare all the costs involved in the plans, not just the APR.

Creditors must tell you when finance charges begin on your account, so you know how much time you have to pay your bill before a finance charge is added.

Creditors may give you a 25-day grace period, for example, to pay your balance in full before making you pay a finance charge.

Creditors also must tell you the method they use to figure the balance on which you pay a finance charge; the interest rate they charge is applied to this balance to come up with the finance charge. Creditors use a number of different methods to arrive at the balance. Study them carefully; they can significantly affect your finance charge.

Some creditors, for instance, take the amount you owed at the beginning of the billing cycle, and subtract any payments you made during that cycle. Purchases are not counted. This is called the adjusted balance method.

Another is the previous balance method. Creditors simply use the amount owed at the beginning of the billing cycle to come up with the finance charge.

Under one of the most common methods--the average daily balance method--creditors add your balances for each day in the billing cycle and then divide that total by the number of days in the cycle. Payments made during the cycle are subtracted in arriving at the daily amounts, and, depending on the plan, new purchases may or may not be included. Under another method--the two-cycle average daily balance method--creditors use the average daily balances for two billing cycles to compute your finance charge. Again, payments will be taken into account in figuring the balances, but new purchases may or may not be included.

Be aware that the amount of the finance charge may vary considerably depending on the method used, even for the same pattern of purchases and payments.

If you receive a credit card offer or an application, the creditor must give you information about the APR and other important terms of the plan at that time. Likewise, with a home equity plan, information must be given to you with an application.

Truth in Lending does not set the rates or tell the creditor how to calculate finance charges--it only requires that the creditor tell you the method that it uses. You

should ask for an explanation of any terms you don't understand.

Leasing Costs and Terms

Leasing gives you temporary use of property in return for periodic payments. It has become a popular alternative to buying--under certain circumstances. For instance, you might consider leasing furniture for an apartment you'll use only for a year. The Consumer Leasing law requires leasing companies to give you the facts about the costs and terms of their contracts, to help you decide whether leasing is a good idea.

The law applies to personal property leased to you for more than four months for personal, family, or household use. It covers, for example, long-term rentals of cars, furniture, and appliances, but not daily car rentals or leases for apartments.

Before you agree to a lease, the leasing company must give you a written statement of costs, including the amount of any security deposit, the amount of your monthly payments, and the amount you must pay for licensing, registration, taxes, and maintenance.

The company must also give you a written statement about terms, including any insurance you need, any guarantees, information about who is responsible for servicing the property, any standards for its wear and tear, and whether or not you have an option to buy the property.

Open-end Leases and Balloon Payments

Your costs will depend on whether you choose an open-end lease or a closed-end lease. Open-end leases usually mean lower monthly payments than closed-end leases, but you may owe a large extra payment--often called a balloon payment--based on the value of the property when you return it.

Suppose you lease a car under a three-year open-end lease. The leasing company estimates the car will be worth \$4,000 after three years of normal use. If you bring back the car in a condition that makes it worth only \$3,500, you may owe a balloon payment of \$500.

The leasing company must tell you whether you may owe a balloon payment and how it will be calculated. You should also know that:

-- you have the right to an independent appraisal of the property's worth at the end of the lease. You must pay the appraiser's fee, however.

-- a balloon payment is usually limited to no more than three times the average monthly payment. If your monthly payment is \$ 200, your balloon payment wouldn't be more than \$600--unless, for example, the property has received more than average wear and tear (for instance, if you drove a car more than average mileage).

Closed-end leases usually have higher monthly payment than open-end leases, but there is no balloon payment at the end of the lease.

Costs of Settlement on a House

A house is probably the single largest credit purchase for most consumers--and one of the most complicated. The Real Estate Settlement Procedures Act, like Truth in Lending, is a disclosure law. The Act, administered by the Department of Housing and Urban Development, requires the lender to give you, in advance, certain information about the costs you will pay when you close the loan.

This event is called settlement or closing, and the law helps you shop for lower settlement costs. To find out more about it, write to:

Deputy Assistant Secretary for Housing Attention:

RESPA Enforcement U.S. Department of Housing and Urban Development

451 Seventh Street, S.W. Room 5241

Washington, D.C. 20410

Should you need to phone:

(202) 708-4560

A Federal Reserve pamphlet, entitled "A Consumer's Guide to Mortgage Closing Costs," also contains useful information for consumers.

Applying For Credit

Discrimination

When you're ready to apply for credit, you should know what creditors think is important in deciding whether you're creditworthy. You should also know what they cannot legally consider in their decisions.

What Law Applies?

EQUAL CREDIT OPPORTUNITY ACT requires that all credit applicants be considered on the basis of their actual qualifications for credit and not be turned away because of certain personal characteristics.

What Creditors Look For

The Three C's. Creditors look for an ability to repay debt and a willingness to do so--and sometimes for a little extra security to protect their loans. They speak of the three C's of credit-capacity, character, and collateral.

Capacity. Can you repay the debt? Creditors ask for employment information: your occupation, how long you've worked, and how much you earn. They also want to know your expenses: how many dependents you have, whether you pay alimony or child support, and the amount of your other obligations.

Character. Will you repay the debt? Creditors will look at your credit history (see chapter on Credit Histories and Records): how much you owe, how often you borrow, whether you pay bills on time, and whether you live within your means. They also look for signs of stability: how long you've lived at your present address, whether you own or rent, and length of your present employment.

Collateral. Is the creditor fully protected if you fail to repay? Creditors want to know what you may have that could be used to back up or secure your loan, and what sources you have for repaying debt other than income, such as savings, investments, or property.

Creditors use different combinations of these facts in reaching their decisions. Some set unusually high standards and others simply do not make certain kinds of loans. Creditors also use different kinds of rating systems. Some rely strictly on their own instinct and experience.

Others use a "credit-scoring" or statistical system to predict whether you're a good credit risk. They assign a certain number of points to each of the various characteristics that have proved to be reliable signs that a borrower will repay. Then, they rate you on this scale.

And so, different creditors may reach different conclusions based on the same set of facts. One may find you an acceptable risk, while another may deny you a loan.

Information the Creditor Can't Use

The Equal Credit Opportunity Act does not guarantee that you will get credit. You must still pass the creditor's tests of creditworthiness. But the creditor must apply these tests fairly, impartially, and without discriminating against you on any of the following grounds: age, gender, marital status, race, color, religion, national origin, because you receive public income such as veterans benefits, welfare or Social Security, or because you exercise your rights under Federal credit laws such as filing a billing error notice with a creditor. This means that a creditor may not use any of those grounds as a reason to:

- discourage you from applying for a loan;
- refuse you a loan if you qualify; or
- lend you money on terms different from those granted another person with similar income, expenses, credit history, and collateral.

Special Rules

Age. In the past, many older persons have complained about being denied credit just because they were over a certain age. Or when they retired, they often found their credit suddenly cut off or reduced. So the law is very specific about how a person's age may be used in credit decisions.

A creditor may ask your age, but if you're old enough to sign a binding contract (usually 18 or 21 years old depending on state law), a creditor may not:

- turn you down or offer you less credit just because of your age;
- ignore your retirement income in rating your application;
- close your credit account or require you to reapply for it just because you reach a certain age or retire; or
- deny you credit or close your account because credit life insurance or other credit-related insurance is not available to persons your age.

Creditors may "score" your age in a creditscoring system, but:

- if you are 62 or older you must be given at least as many points for age as any person under 62.

Because individuals' financial situations can change at different ages, the law lets creditors consider certain information related to age--such as how long until you retire or how long your income will continue. An older applicant might not qualify for a large loan with a 5 percent down payment on a risky venture, but might qualify for a smaller loan--with a bigger down payment--secured by good collateral. Remember that while declining income may be a handicap if you are older, you can usually offer a solid credit history to your advantage. The creditor has to look at all the facts and apply the usual standards of creditworthiness to your particular situation.

Public Assistance. You may not be denied credit just because you receive Social Security or public assistance (such as Aid to Families with Dependent Children). But--as is the case with age--certain information related to this source of income could clearly affect creditworthiness.

So, a creditor may consider such things as:

- how old your dependents are (because you may lose benefits when they reach a certain age); or
- whether you will continue to meet the residency requirements for receiving benefits.

This information helps the creditor determine the likelihood that your public assistance income will continue.

Housing Loans. The Equal Credit Opportunity Act covers your application for a mortgage or home improvement loan. It bans discrimination because of such characteristics as your race, color, gender, or because of the race or national origin of the people in the neighborhood where you live or want to buy your home. Nor may creditors use any appraisal of the value of the property that considers the race of the people in the neighborhood.

In addition, you are entitled to receive a copy of an appraisal report that you paid for in connection with an application for credit, if you make a written request for the report.

Discrimination Against Women

Both men and women are protected from discrimination based on gender or marital status. But many of the law's provisions were designed to stop particular

abuses that generally made it difficult for women to get credit. For example, the idea that single women ignore their debts when they marry, or that a woman's income "doesn't count" because she'll leave work to have children, now is unlawful in credit transactions.

The general rule is that you may not be denied credit just because you are a woman, or just because you are married, single, widowed, divorced, or separated. Here are some important protections:

Gender and Marital Status. Usually, creditors may not ask your gender on an application form (one exception is on a loan to buy or build a home).

You do not have to use Miss, Mrs., or Ms. with your name on a credit application. But, in some cases, a creditor may ask whether you are married, unmarried, or separated (unmarried includes single, divorced, and widowed).

Child-bearing Plans. Creditors may not ask about your birth control practices or whether you plan to have children, and they may not assume anything about those plans.

Income and Alimony. The creditor must count all of your income, even income from part-time employment.

Child support and alimony payments are a primary source of income for many women. You don't have to disclose these kinds of income, but if you do creditors must count them.

Telephones. Creditors may not consider whether you have a telephone listing in your name because this would discriminate against many married women. (You may be asked if there's a telephone in your home.)

A creditor may consider whether income is steady and reliable, so be prepared to show that you can count on uninterrupted income--particularly if the source is alimony payments or part-time wages.

Your Own Accounts. Many married women used to be turned down when they asked for credit in their own name. Or, a husband had to cosign an account--agree to pay if the wife didn't--even when a woman's own income could easily repay the loan. Single women couldn't get loans because they were thought to be somehow less reliable than other applicants. You now have a right to your own credit, based on your own credit records and earnings. Your own credit means a separate

account or loan in your own name--not a joint account with your husband or a duplicate card on his account. Here are the rules:

- Creditors may not refuse to open an account just because of your gender or marital status.
- You can choose to use your first name and maiden name (Mary Smith); your first name and husband's last name (Mary Jones); or a combined last name (Mary Smith-Jones).
- If you're creditworthy, a creditor may not ask your husband to cosign your account, with certain exceptions when property rights are involved.
- Creditors may not ask for information about your husband or ex-husband when you apply for your own credit based on your own income--unless that income is alimony, child support, or separate maintenance payments from your spouse or former spouse.

This last rule, of course, does not apply if your husband is going to use your account or be responsible for paying your debts on the account, or if you live in a community property state. (Community property states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.)

Change in Marital Status. Married women have sometimes faced severe hardships when cut off from credit after their husbands died. Single women have had accounts closed when they married, and married women have had accounts closed after a divorce. The law says that creditors may not make you reapply for credit just because you marry or become widowed or divorced. Nor may they close your account or change the terms of your account on these grounds. There must be some sign that your creditworthiness has changed. For example, creditors may ask you to reapply if you relied on your ex-husband's income to get credit in the first place.

Setting up your own account protects you by giving you your own history of how you handle debt, to rely on if your financial situation changes because you are widowed or divorced. If you're getting married and plan to take your husband's surname, write to your creditors and tell them if you want to keep a separate account.

If You're Turned Down

Remember, your gender or race may not be used to discourage you from applying for a loan. And creditors may not hold up or otherwise delay your application on those grounds. Under the Equal Credit Opportunity Act, you must be notified within 30 days after your application has been completed whether your loan has been approved or not. If credit is denied, this notice must be in writing and it must explain the specific reasons why you were denied credit or tell you of your right to ask for an explanation. You have the same rights if an account you have had is closed.

If you are denied credit, be sure to find out why. Remember, you may have to ask the creditors for this explanation. It may be that the creditor thinks you have requested more money than you can repay on your income. It may be that you have not been employed or lived long enough in the community. You can discuss terms with the creditor and ways to improve your creditworthiness. The next chapter explains how to improve your ability to get credit.

If you think you have been discriminated against, cite the law to the lender. If the lender still says no without a satisfactory explanation, you may contact a Federal enforcement agency for assistance or bring legal action as described in the last chapter of this handbook.

Credit Histories And Records

Building Up a Good Record

On your first attempt to get credit, you may face a common frustration: sometimes it seems you have to already have credit to get credit. Some creditors will look only at your salary and job and the other financial information you put on your application. But most also want to know about your track record in handling credit--how reliably you've repaid past debts. They turn to the records kept by credit bureaus or credit reporting agencies whose business is to collect and store information about borrowers that is routinely supplied by many lenders. These records include the amount of credit you have received and how faithfully you've paid it back.

Here are several ways you can begin to build up a good credit history:

-- Open a checking account or a savings account, or both. These do not begin your

credit file, but may be checked as evidence that you have money and know how to manage it. Cancelled checks can be used to show you pay utility bills or rent regularly, a sign of reliability.

-- Apply for a department store credit card. Repaying credit card bills on time is a plus in credit histories.

-- Ask whether you may deposit funds with a financial institution to serve as collateral for a credit card; some institutions will issue a credit card with a credit limit usually no greater than the amount on deposit.

-- If you're new in town, write for a summary of any credit record kept by a credit bureau in your former town. (Ask the bank or department store in your old hometown for the name of the agency it reports to.)

-- If you don't qualify on the basis of your own credit standing, offer to have someone cosign your application.

-- If you're turned down, find out why and try to clear up any misunderstandings.

What Laws Apply?

The following laws can help you start your credit history and keep your record accurate:

THE EQUAL CREDIT OPPORTUNITY ACT gives women a way to start their own credit history and identity.

THE FAIR CREDIT REPORTING ACT sets up a procedure for correcting mistakes on your credit record.

Credit Histories for Women

Under the Equal Credit Opportunity Act, reports to credit bureaus must be made in the names of both husband and wife if both use an account or are responsible for repaying the debt. Some women who are divorced or widowed might not have separate credit histories because in the past credit accounts were listed in their husband's name only. But they can still benefit from this record. Under the Equal Credit Opportunity Act, creditors must consider the credit history of accounts women have held jointly with their husbands. Creditors must also look at the record of any account held only in the husband's name if a woman can show it

also reflects her own creditworthiness. If the record is unfavorable--if an ex-husband was a bad credit risk--she can try to show that the record does not reflect her own reputation. Remember that a wife may also open her own account to be sure of starting her own credit history.

Here's an example:

Mary Jones, when married to John Jones, always paid their credit card bills on time and from their joint checking account. But the card was issued in John's name, and the credit bureau kept all records in John's name. Now Mary is a widow and wants to take out a new card, but she's told she has no credit history. To benefit from the good credit record already on the books in John's name, Mary should point out that she handled all accounts properly when she was married and that bills were paid by checks from their joint checking account.

Keeping Up Credit Records

Mistakes on your credit record--sometimes mistaken identities--can cloud your credit future. Your credit rating is important, so be sure credit bureau records are complete and accurate.

The Fair Credit Reporting Act says that you must be told what's in your credit file and have any errors corrected.

Negative Information. If a lender refuses you credit because of unfavorable information in your credit report, you have a right to the name and address of the agency that keeps your report. Then, you may either request information from the credit bureau by mail or in person. You will not get an exact copy of the file, but you will at least learn what's in the report. The law also says that the credit bureau must help you interpret the data--because it's raw data that takes experience to analyze. If you're questioning a credit refusal made within the past 30 days, the bureau is not allowed to charge a fee for giving you information.

Any error that you find must be investigated by the credit bureau with the creditor who supplied the data. The bureau will remove from your credit file any errors the creditor admits are there. If you disagree with the findings, you can file a short statement in your record giving your side of the story. Future reports to creditors must include this statement or a summary of it.

Old Information. Sometimes credit information is too old to give a good picture of

your financial reputation. There is a limit on how long certain kinds of information may be kept in your file:

- Bankruptcies must be taken off your credit history after 10 years.
- Suits and judgments, tax liens, arrest records, and most other kinds of unfavorable information must be dropped after 7 years.

Your credit record may not be given to anyone who does not have a legitimate business need for it. Stores to which you are applying for credit or prospective employers may examine your record; curious neighbors may not.

Billing Mistakes. In the next chapter, you will find the steps to take if there's an error on your bill. By following these steps, you can protect your credit rating.

Other Aspects Of Using Credit

The best way to keep up your credit standing is to repay all debts on time. But there may be complications. To protect your credit rating, you should learn how to correct mistakes and misunderstandings that can tangle up your credit accounts.

When there's a snag, first try to deal directly with the creditor. The credit laws can help you settle your complaints without a hassle.

What Laws Apply?

FAIR CREDIT BILLING ACT sets up procedures requiring creditors to promptly correct billing mistakes; allowing you to withhold payments on defective goods; and requiring creditors to promptly credit your payments.

IN LENDING gives you three days to change your mind about certain credit transactions that use your home as collateral; it also limits your risk on lost or stolen credit cards.

Billing Errors

Month after month John Jones was billed for a lawn mower he never ordered and never got. Finally, he tore up his bill and mailed back the pieces--just to try to explain things to a person instead of a computer.

There's a more effective, easier way to straighten out these errors. The Fair Credit Billing Act requires creditors to correct errors promptly and without damage to your credit rating.

A Case of Error. The law defines a billing error as any charge:

- for something you didn't buy or for a purchase made by someone not authorized to use your account;
- that is not properly identified on your bill or is for an amount different from the actual purchase price or was entered on a date different from the purchase date; or
- for something that you did not accept on delivery or that was not delivered according to agreement.

Billing errors also include:

- errors in arithmetic;
- failure to show a payment or other credit to your account;
- failure to mail the bill to your current address, if you told the creditor about an address change at least 20 days before the end of the billing period; or
- a questionable item, or an item for which you need more information.

In Case of Error: If you think your bill is wrong, or want more information about it, follow these steps:

1. Notify the creditor in writing within 60 days after the first bill was mailed that showed the error. Be sure to write to the address the creditor lists for billing inquiries and to tell the creditor:

- your name and account number;
- that you believe the bill contains an error and why you believe it is wrong; and
- the date and suspected amount of the error or the item you want explained.

2. Pay all parts of the bill that are not in dispute. But, while waiting for an answer, you do not have to pay the amount in question (the "disputed amount") or any minimum payments or finance charges that apply to it.

The creditor must acknowledge your letter within 30 days, unless the problem can be resolved within that time. Within two billing periods--but in no case longer than 90 days--either your account must be corrected or you must be told why the creditor believes the bill is correct.

If the creditor made a mistake, you do not pay any finance charges on the disputed amount. Your account must be corrected, and you must be sent an explanation of

any amount you still owe.

If no error is found, the creditor must send you an explanation of the reasons for that finding and promptly send a statement of what you owe, which may include any finance charges that have accumulated and any minimum payments you missed while you were questioning the bill. You then have the time usually given on your type of account to pay any balance, but not less than 10 days.

3. If you still are not satisfied, you should notify the creditor in writing within the time allowed to pay your bill.

Maintaining Your Credit Rating. A creditor may not threaten your credit rating while you're resolving a billing dispute.

Once you have written about a possible error, a creditor must not give out information to other creditors or credit bureaus that would hurt your credit reputation. And, until your complaint is answered, the creditor also may not take any action to collect the disputed amount.

After the creditor has explained the bill, if you do not pay in the time allowed, you may be reported as delinquent on the amount in dispute and the creditor may take action to collect. Even so, you can still disagree in writing. Then the creditor must report that you have challenged your bill and give you the name and address of each person who has received information about your account. When the matter is settled, the creditor must report the outcome to each person who has received information. Remember that you may also place your own side of the story in your credit record.

Defective Goods or Services

Your new sofa arrives with only three legs. You try to return it; no luck. You ask the merchant to repair or replace it; still no luck. The Fair Credit Billing Act allows you to withhold payment on any damaged or poor quality goods or services purchased with a credit card, as long as you have made a real attempt to solve the problem with the merchant.

This right may be limited if the card was a bank or travel and entertainment card or any card not issued by the store where you made your purchase. In such cases, the sale:

-- must have been for more than \$50; and

-- must have taken place in your home state or within 100 miles of your home address.

Prompt Credit for Payments and Refunds for Credit Balances

Some creditors will not charge a finance charge if you pay your account within a certain period of time. In this case, it is especially important that you get your bills, and get credit for paying them, promptly. Check your statements to make sure your creditor follows these rules:

Billing. Look at the date on the postmark. If your account is one on which no finance or other charge is added before a certain due date, then creditors must mail their statements at least 14 days before payment is due.

Crediting. Look at the payment date entered on the statement. Creditors must credit payments on the day they arrive, as long as you pay according to payment instructions. This means, for example, sending your payment to the address listed on the bill.

Credit Balances. If a credit balance results on your account (for example, because you pay more than the amount you owe, or you return a purchase and the purchase price is credited to your account), the creditor must make a refund to you. The refund must be made within seven business days after your written request, or automatically if the credit balance is still in existence after six months.

Cancelling a Mortgage

Truth in Lending gives you a chance to change your mind on one important kind of transaction--when you use your home as security for a credit transaction. For example, when you are financing a major repair or remodeling and use your home as security, you have three business days, usually after you sign a contract, to think about the transaction and to cancel it if you wish. The creditor must give you written notice of your right to cancel, and, if you decide to cancel, you must notify the creditor in writing within the three-day period. The creditor must then return all fees paid and cancel the security interest in your home. No contractor may start work on your home, and no lender may pay you or the contractor until the three days are up. If you must have the credit immediately to meet a financial emergency, you may give up your right to cancel by providing a written explanation of the circumstances.

The right to cancel (or right of rescission) was provided to protect you against hasty decisions--or decisions made under pressure--that might put your home at risk if you are unable to repay the loan. The law does not apply to a mortgage to finance the purchase of your home; for that, you commit yourself as soon as you sign the mortgage contract. And, if you use your home to secure an open-end credit line--a home equity line, for instance--you have the right to cancel when you open the account or when your security interest or credit limit is increased. (In the case of an increase, only the increase would be cancelled.)

Lost or Stolen Credit Cards

If your wallet is stolen, your greatest cost may be inconvenience, because your liability on lost or stolen cards is limited under Truth in Lending.

You do not have to pay for any unauthorized charges made after you notify the card company of loss or theft of your card. So keep a list of your credit card numbers and notify card issuers immediately if your card is lost or stolen. The most you will have to pay for unauthorized charges is \$50 on each card--even if someone runs up several hundred dollars worth of charges before you report a card missing.

Unsolicited Cards

It is illegal for card issuers to send you a credit card unless you ask for or agree to receive one. However, a card issuer may send, without your request, a new card to replace an expiring one.

Electronic Fund Transfers

Instant Money

On his way home last Friday night, John Jones realized he had no cash for the weekend. The bank was closed, but John had his bank debit card and the code to use it. He inserted the card into an automated teller machine outside the front door of the bank; then, using a number keyboard, he entered his code and pressed the buttons for a withdrawal of \$50. John's cash was dispensed automatically from the machine, and his bank account was electronically debited for the \$50 cash withdrawal.

John's debit card is just one way to use electronic fund transfer (EFT) systems that

allow payment between parties by substituting an electronic signal for cash or checks.

Are we heading for a check-less society? Probably not. But a dent in the number of paper checks in the country's banking system--or a reduction in the rate at which that number has been growing--is clearly one advantage to electronic banking.

Today, the cost of moving checks through the banking system is estimated to be approximately 80 cents per check, including the costs of paper, printing, and mailing. Moreover, checks--except your own check presented at your own bank--take time to cash: time for delivery, endorsement, presentation to another person's bank, and winding through various stations in the check clearing system.

Technology now can lower the costs of the payment mechanism and make it more efficient and convenient by reducing paperwork.

EFT in Operation

The national payment mechanism moves money between accounts in a fast, paperless way. These are some examples of EFT systems in operation:

Teller Machines (ATMs). Consumers can do their banking without the assistance of a teller, as John Jones did to get cash, or to make deposits, pay bills, or transfer funds from one account to another electronically. These machines are used with a debit or EFT card and a code, which is often called a personal identification number or "PIN."

(POS) Transactions. Some EFT cards can be used when shopping to allow the transfer of funds from the consumer's account to the merchant's. To pay for a purchase, the consumer presents an EFT card instead of a check or cash. Money is taken out of the consumer's account and put into the merchant's account electronically.

Preauthorized Transfers. This is a method of automatically depositing to or withdrawing funds from an individual's account, when the account holder authorizes the bank or a third party (such as an employer) to do so. For example, consumers can authorize direct electronic deposit of wages, Social Security or dividend payments to their accounts. Or, they can authorize financial institutions to make regular, ongoing payments of insurance, mortgage, utility or other bills.

Telephone Transfers. Consumers can transfer funds from one account to another--from savings to checking, for example--or can order payment of specific bills by phone.

What Law Applies?

THE ELECTRONIC FUND TRANSFER ACT gives consumers answers to several basic questions about using EFT services.

A check is a piece of paper with information that authorizes a bank to withdraw a certain amount of money from one person's account and pay that amount to another person. Most consumer questions center on the fact that EFT systems transmit the information without the paper. Thus, they ask:

- What record--what evidence--will I have of my transactions?
- How easily will I be able to correct errors?
- What if someone steals money from my account?
- What about solicitations?
- Do I have to use EFT services?

Here are the answers the EFT Act gives to consumer questions about these systems.

What Record Will I Have of My Transactions?

A cancelled check is permanent proof that a payment has been made. Is proof of payment available with EFT services?

The answer is yes. If you use an ATM to withdraw money or make deposits, or a point-of-sale terminal to pay for a purchase, you can get a written receipt--much like the sales receipt you get with a cash purchase--showing the amount of the transfer, the date it was made, and other information. This receipt is your record of transfers initiated at an electronic terminal.

Your periodic bank statement must also show all electronic transfers to and from your account, including those made with debit cards, by a pre-authorized arrangement, or under a telephone transfer plan. It will also name the party to whom payment has been made and show any fees for EFT services (or the total amount charged for account maintenance) and your opening and closing balances.

Your monthly statement is proof of payment to another person, your record for tax

or other purposes, and your way of checking and reconciling EFT transactions with your bank balance.

How Easily Will I Be Able to Correct Errors?

The way to report errors is somewhat different with EFT services than it is with credit cards (see page 22 for correcting credit billing errors). But, as with credit cards, financial institutions must investigate and correct promptly any EFT errors you report.

If you believe there has been an error in an electronic fund transfer relating to your account:

1. Write or call your financial institution immediately if possible, but no later than 60 days from the date the first statement that you think shows an error was mailed to you. Give your name and account number and explain why you believe there is an error, what kind of error, and the dollar amount and date in question. If you call, you may be asked to send this information in writing within 10 business days.
2. The financial institution must promptly investigate an error and resolve it within 45 days. However, if the financial institution takes longer than 10 business days to complete its investigation, generally it must put back into your account the amount in question while it finishes the investigation. (The time periods are longer for POS debit card transactions and for any EFT transaction initiated outside the United States.) In the meantime, you will have full use of the funds in question.
3. The financial institution must notify you of the results of its investigation. If there was an error, the institution must correct it promptly--for example, by making a re-credit final. If it finds no error, the financial institution must explain in writing why it believes no error occurred and let you know that it has deducted any amount re-credited during the investigation. You may ask for copies of documents relied on in the investigation.

What About Loss or Theft?

It's important to be aware of the potential risk in using an EFT card, which differs from the risk on a credit card.

On lost or stolen credit cards, your loss is limited to \$50 per card (see page 25). On an EFT card, your liability for an unauthorized withdrawal can vary:
-- Your loss is limited to \$50 if you notify the financial institution within two

business days after learning of loss or theft of your card or code.

-- But, you could lose as much as \$500 if you do not tell the card issuer within two business days after learning of the loss or theft.

-- If you do not report an unauthorized transfer that appears on your statement within 60 days after the statement is mailed to you, you risk unlimited loss on transfers made after the 60-day period. That means you could lose all the money in your account plus your maximum overdraft line of credit.

Example:

On Monday, John's debit card and secret code were stolen. On Tuesday, the thief withdrew \$250, all the money John had in his checking account. Five days later, the thief withdrew another \$500, triggering John's overdraft line of credit. John did not realize his card was stolen until he received a statement from the bank, showing withdrawals of \$750 he did not make. He called the bank right away. John's liability is \$50.

Now suppose that when John got his bank statement he didn't look at it and didn't call the bank. Seventy days after the statement was mailed to John, the thief withdrew another \$1,000, reaching the limit on John's line of credit. In this case, John would be liable for \$1,050 (\$50 for transfers before the end of the 60 days; \$1,000 for transfers made more than 60 days after the statement was mailed).

What About Solicitations?

A financial institution may send you an EFT card that is VALID FOR USE only if you ask for one, or to replace or renew an expiring card. The financial institution must also give you the following information about your rights and responsibilities:

- A notice of your liability in case the card is lost or stolen;
- A telephone number for reporting loss or theft of the card or an unauthorized transfer;
- A description of its error resolution procedures;
- The kinds of electronic fund transfers you may make and any limits on the frequency or dollar amounts of such transfers;
- Any charge by the institution for using EFT services;

- Your right to receive records of electronic fund transfers;
- How to stop payment of a pre-authorized transfer;
- The financial institution's liability to you for any failure to make or to stop transfers; and
- The conditions under which a financial institution will give information to third parties about your account.

Generally, you must also get advance notice of any change in the account that would increase your costs or liability, or limit transfers.

A financial institution may send you a card you did not request only if the card is NOT VALID FOR USE. An "unsolicited" card can be validated only at your request and only after the institution makes sure that you are the person whose name is on the card. It must also be sent with instructions on how to dispose of an unwanted card.

Do I Have to Use EFT?

The EFT Act forbids a creditor from requiring you to repay a loan or other credit by EFT, except in the case of overdraft checking plans. And, although your employer or a government agency can require you to receive your salary or a government benefit by electronic transfer, you have the right to choose the financial institution that will receive your funds.

Special Questions About Pre-authorized Plans

Q. How will I know a pre-authorized credit has been made?

A. There are various ways you may be notified. Notice may be given by your employer (or whoever is sending the funds) that the deposit has been sent to your financial institution. Otherwise, a financial institution may provide notice when it has received the credit or will send you a notice only when it has not received the funds. Financial institutions also have the option of giving you a telephone number you can call to check on a pre-authorized credit.

Q. How do I stop a pre-authorized payment?

A. You may stop any pre-authorized payment by calling or writing the financial institution, so that your order is received at least three business days before the payment date. Written confirmation of a telephone notice to stop payment may be required.

Q. If the payments I pre-authorize vary in amount from month to month, how will I know how much will be transferred out of my account?

A. You have the right to be notified of all varying payments at least 10 days in advance.

Or, you may choose to specify a range of amounts and to be told only when a transfer falls outside that range. You may also choose to be told only when a transfer differs by a certain amount from the previous payment to the same company.

Q. Do the EFT Act protections apply to all pre-authorized plans?

A. No. They do not apply to automatic transfers from your account to the institution that holds your account or vice versa. For example, they do not apply to automatic payments made on a mortgage held by the financial institution where you have your EFT account. The EFT Act also does not apply to automatic transfers among your accounts at one financial institution.

Complaining to Federal Enforcement Agencies

First try to solve your problem directly with a creditor. Only if that fails should you bring more formal complaint procedures. Here's the way to file a complaint with the Federal agencies responsible for carrying out consumer credit protection

laws.

Complaints About Banks. If you have a complaint about a bank in connection with any of the Federal credit laws--or if you think any part of your business with a bank has been handled in an unfair or deceptive way--you may get advice and help from the Federal Reserve. The practice you complain about does not have to be covered by Federal law. Furthermore, you don't have to be a customer of the bank to file a complaint.

You should submit your complaint--in writing whenever possible--to the Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or to the Reserve Bank nearest you, as listed on page 43 of this handbook. Be sure to describe the bank practice you are complaining about and give the name and address of the bank involved.

The Federal Reserve will write back within 15 days--sometimes with an answer, sometimes telling you that more time is needed to handle your complaint. The additional time is required when complex issues are involved or when the complaint will be investigated by a Federal Reserve Bank. When this is the case, the Federal Reserve will try to keep you informed about the progress being made.

The Board supervises only state--chartered banks that are members of the Federal Reserve System. It will refer complaints about other institutions to the appropriate Federal regulatory agency and let you know where your complaint has been referred. Or you may use the listing on page 42 of this booklet to write directly to the appropriate agency.

Complaints About Other Institutions. On page 42 of this booklet, you will also find the names of the regulatory agencies for other financial institutions and for businesses other than banks. Many of these agencies do not handle individual complaints; however, they will use information about your credit experiences to help enforce the credit laws.

Penalties Under the Laws

You may also take legal action against a creditor. If you decide to bring a lawsuit, here are the penalties a creditor must pay if you win.

Truth in Lending and Consumer Leasing Acts. If any creditor fails to disclose

information required under these Acts, or gives inaccurate information, or does not comply with the rules about credit cards or the right to cancel certain home--secured loans, you as an individual may sue for actual damages--any money loss you suffer. In addition, you can sue for twice the finance charge in the case of certain credit disclosures, or, if a lease is concerned, 25 percent of total monthly payments. In either case, the least the court may award you if you win is \$100, and the most is \$1,000. In any lawsuit that you win, you are entitled to reimbursement for court costs and attorney's fees.

Class action suits are also permitted. A class action suit is one filed on behalf of a group of people with similar claims.

Equal Credit Opportunity Act. If you think you can prove that a creditor has discriminated against you for any reason prohibited by the Act, you as an individual may sue for actual damages plus punitive damages--that is, damages for the fact that the law has been violated--of up to \$10,000. In a successful lawsuit, the court will award you court costs and a reasonable amount for attorney's fees. Class action suits are also permitted.

Fair Credit Billing Act. A creditor who breaks the rules for the correction of billing errors automatically loses the amount owed on the item in question and any finance charges on it, up to a combined total of \$50--even if the bill was correct. You as an individual may also sue for actual damages plus twice the amount of any finance charges, but in any case not less than \$100 nor more than \$1,000. You are also entitled to court costs and attorney's fees in a successful lawsuit. Class action suits are also permitted.

Fair Credit Reporting Act. You may sue any credit reporting agency or creditor for breaking the rules about who may see your credit records or for not correcting errors in your file. Again, you are entitled to actual damages, plus punitive damages that the court may allow if the violation is proved to have been intentional. In any successful lawsuit, you will also be awarded court costs and attorney's fees. A person who obtains a credit report without proper authorization--or an employee of a credit reporting agency who gives a credit report to unauthorized persons--may be fined up to \$5,000 or imprisoned for one year, or both.

Electronic Fund Transfer Act. If a financial institution does not follow the

provisions of the EFT Act, you may sue for actual damages (or in certain cases when the institution fails to correct an error or re-credit an account, for three times actual damages) plus punitive damages of not less than \$100 nor more than \$1,000. You are also entitled to court costs and attorney's fees in a successful lawsuit. Class action suits are also permitted.

If an institution fails to make an electronic fund transfer, or to stop payment of a pre-authorized transfer when properly instructed by you to do so, you may sue for all damages that result from the failure.

Glossary

Annual Percentage Rate (APR) -- The cost of credit as a yearly rate.

Appraisal Fee -- The charge for estimating the value of property offered as security.

Asset -- Property that can be used to repay debt, such as stocks and bonds or a car.

Automated Teller Machines (ATMs) -- Electronic terminals located on bank premises or elsewhere, through which customers of financial institutions may make deposits, withdrawals, or other transactions as they would through a bank teller.

Balloon Payment -- A large extra payment that may be charged at the end of a loan or lease.

Billing Error -- Any mistake in your monthly statement as defined by the Fair Credit Billing Act.

Business Days -- Check with your institution to find out what days it counts as business days under the Truth in Lending and Electronic Fund Transfer Acts.

Collateral -- Property offered to support a loan and subject to seizure if you default.

Cosigner -- Another person who signs your loan and assumes equal responsibility for it.

Credit -- The right granted by a creditor to pay in the future in order to buy or borrow in the present; a sum of money due a person or business.

Credit Bureau -- An agency that keeps your credit record.

Credit Card -- Any card, plate, or coupon book used from time to time or over and over again to borrow money or buy goods or services on credit.

Credit History -- The record of how you've borrowed and repaid debts.

Creditor -- A person or business from whom you borrow or to whom you owe money.

Credit-related Insurance -- Health, life, or accident insurance designed to pay the outstanding balance of debt.

Credit Scoring System -- A statistical system used to rate credit applicants according to various characteristics relevant to creditworthiness.

Creditworthiness -- Past and future ability to repay debts.

Debit Card (EFT Card) -- A plastic card, looks similar to a credit card, that consumers may use to make purchases, withdrawals, or other types of electronic fund transfers.

Default -- Failure to repay a loan or otherwise meet the terms of your credit agreement.

Disclosures -- Information that must be given to consumers about their financial dealings.

Elderly Applicant -- As defined in the Equal Credit Opportunity Act, a person 62 or older.

Electronic Fund Transfer (EFT) Systems -- A variety of systems and technologies for transferring funds electronically rather than by check.

Finance Charge -- The total dollar amount credit will cost.

Home Equity Line of Credit -- A form of open-end credit in which the home serves as collateral.

Joint Account -- A credit account held by two or more people so that all can use the account and all assume legal responsibility to repay.

Late Payment -- A payment made later than agreed upon in a credit contract and on which additional charges may be imposed.

Lessee -- A person who signs a lease to get temporary use of property.

Lessor -- A company that provides temporary use of property usually in return for

periodic payment.

Liability on an Account -- Legal responsibility to repay debt.

Open-End Credit -- A line of credit that may be used over and over again, including credit cards, overdraft credit accounts, and home equity lines.

Open-End Lease -- A lease which may involve a balloon payment based on the value of the property when it is returned.

Overdraft Checking -- A line of credit that allows you to write checks or draw funds by means of an EFT card for more than your actual balance, with an interest charge on the overdraft.

Point-of-Sale (POS) -- A method by which consumers can pay for purchases by having their deposit accounts debited electronically without the use of checks.

Points and Origination Fees -- Points are finance charges paid at the beginning of a mortgage in addition to monthly interest. One point equals one percent of the loan amount. An origination fee covers the lender's work in preparing your mortgage loan.

Punitive Damages -- Damages awarded by a court above actual damages as punishment for a violation of law.

Rescission -- The cancellation or "unwinding" of a contract.

Security -- Property pledged to the creditor in case of a default on a loan; see collateral.

Security Interest -- The creditor's right to take property or a portion of property offered as security.

Service Charge -- A component of some finance charges, such as the fee for triggering an overdraft checking account into use.

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State Member Banks of the Federal Reserve System
Division of Consumer and Community Affairs
Federal Reserve Board
Washington, D.C. 20551
(202) 452-3693

Nonmember Federally Insured State Banks
Office of Consumer Programs
Federal Deposit Insurance Corp.
Washington, D.C. 20456
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Savings and Loan Associations
Division of Consumer and Civil Rights
Office of Community Investment
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
(202) 906-6237

Federal Credit Unions
Office of Public and Congressional Affairs

Office of Consumer Programs
National Credit Union Administration
1776 G Street, N.W.
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Other Lenders
Division of Credit Practices
Bureau of Consumer Protection
Federal Trade Commission
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Federal Reserve Banks

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ZIP 63166

(314) 444-8444

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Public Information Department

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FTC, August 1996

If you use credit cards, owe money on a personal loan, or are paying on a home mortgage, you are a 'debtor.' If you fall behind in repaying your creditors, or an error is made on your accounts, you may be contacted by a 'debt collector.'

You should know that in either situation, the Fair Debt Collection Practices Act requires that debt collectors treat you fairly by prohibiting certain methods of debt collection. Of course, the law does not forgive any legitimate debt you owe.

This brochure answers commonly asked questions about your rights under the Fair Debt Collection Practices Act.

What debts are covered?

Personal, family, and household debts are covered under the Act. This includes money owed for the purchase of an automobile, for medical care, or for charge accounts.

Who is a debt collector?

A debt collector is any person, other than the creditor, who regularly collects debts owed to others. Under a 1986 amendment to the Fair Debt Collection Practices Act, this includes attorneys who collect debts on a regular basis.

How may a debt collector contact you?

A collector may contact you in person, by mail, telephone, telegram, or FAX. However, a debt collector may not contact you at unreasonable times or places, such as before 8 a.m. or after 9 p.m., unless you agree. A debt collector also may not contact you at work if the collector knows that your employer disapproves.

Can you stop a debt collector from contacting you?

You can stop a collector from contacting you by writing a letter to the collection agency telling them to stop. Once the agency receives your letter, they may not contact you again except to say there will be no further contact. The agency may notify you if the debt collector or the creditor intends to take some specific action.

May a debt collector contact anyone else about your debt?

If you have an attorney, the debt collector may not contact anyone other than your attorney. If you do not have an attorney, a collector may contact other people, but only to find out where you live and work. Collectors usually are prohibited from

contacting such permissible third parties more than once. In most cases, the collector may not tell anyone other than you and your attorney that you owe money.

What must the debt collector tell you about the debt?

Within five days after you are first contacted, the collector must send you a written notice telling you the amount of money you owe; the name of the creditor to whom you owe the money; and what action to take if you believe you do not owe the money.

May a debt collector continue to contact you if you believe you do not owe money?

A collector may not contact you if, within 30 days after you are first contacted, you send the collection agency a letter stating you do not owe money. However, a collector can renew collection activities if you are sent proof of the debt, such as a copy of a bill for the amount owed.

What types of debt collection practices are prohibited?

Harassment. Debt collectors may not harass, oppress, or abuse anyone. For example, debt collectors may not:

- * use threats of violence or harm against the person, property, or reputation;
- * publish a list of consumers who refuse to pay their debts (except to a credit bureau);
- * use obscene or profane language;
- * repeatedly use the telephone to annoy someone;
- * telephone people without identifying themselves;
- * advertise your debt.

False statements. Debt collectors may not use any false statements when collecting a debt. For example, debt collectors may not:

- * falsely imply that they are attorneys or government representatives;

- * falsely imply that you have committed a crime;
- * falsely represent that they operate or work for a credit bureau;
- * misrepresent the amount of your debt;
- * misrepresent the involvement of an attorney in collecting a debt;
- * indicate that papers being sent to you are legal forms when they are not;
- * indicate that papers being sent to you are not legal forms when they are.

Debt collectors also may not state that:

- * you will be arrested if you do not pay your debt;
- * they will seize, garnish, attach, or sell your property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so;
- * actions, such as a lawsuit, will be taken against you, which legally may not be taken, or which they do not intend to take.

Debt collectors may not:

- * give false credit information about you to anyone;
- * send you anything that looks like an official document from a court or government agency when it is not;
- * use a false name.

Unfair practices. Debt collectors may not engage in unfair practices when they try to collect a debt. For example, collectors may not:

- * collect any amount greater than your debt, unless allowed by law;
- * deposit a post-dated check prematurely;
- * make you accept collect calls or pay for telegrams;
- * take or threaten to take your property unless this can be done legally;
- * contact you by postcard.

What control do you have over payment of debts?

If you owe more than one debt, any payment you make must be applied to the debt you indicate. A debt collector may not apply a payment to any debt you believe you do not owe.

What can you do if you believe a debt collector violated the law?

You have the right to sue a collector in a state or federal court within one year from the date you believe the law was violated. If you win, you may recover money for the damages you suffered. Court costs and attorneys fees also can be recovered. A group of people also may sue a debt collector and recover money for damages up to \$500,000, or one percent of the collectors net worth, whichever is less.

Where can you report a debt collector for an alleged violation?

Report any problems you have with a debt collector to your state Attorney Generals office and the Federal Trade Commission. Many states have their own debt collection laws and your Attorney Generals office can help you determine your rights.

If you have questions about the Fair Debt Collection Practices Act, or your rights under the Act, write: Correspondence Branch, Federal Trade Commission, Washington, D.C. 20580. Although the FTC generally cannot intervene in individual disputes, the information you provide may indicate a pattern of possible law violations requiring action by the Commission.

FTC - April 1996

Your credit report contains information about where you work and live and how

you pay your bills. It also may show whether you've been sued or arrested or have filed for bankruptcy. Companies called credit reporting agencies (CRAs) or credit bureaus compile and sell your credit report to businesses. Because businesses use this information to evaluate your applications for credit, insurance, and employment, it's important that the information in your report is complete and accurate.

Getting Your Credit Report

If you've been denied credit, insurance, or employment because of information supplied by a CRA, the Fair Credit Reporting Act (FCRA) says the company you applied to must give you the credit agency's name and address. If you contact the agency for a copy of your report within 30 days of receiving a denial notice, the report is free.

If you simply want a copy of your report, call the CRAs listed in the Yellow Pages under 'credit' or 'credit rating and reporting.' Because more than one CRA may have a file on you, call each one listed until you locate the agencies maintaining your file. Expect to pay a reasonable charge for each report.

Many of your rights under the FCRA will change September 30, 1997. A new brochure explaining these rights will be available from the FTC then.

Correcting Errors

Under the FCRA, you have the right to dispute the completeness and accuracy of information in your credit file. When you contact the reporting agency to dispute information in your report, the agency must reinvestigate and record the current status of the disputed items within a 'reasonable period of time,' unless they believe the dispute is 'frivolous or irrelevant.' If the credit reporting agency can't verify a disputed item, they must delete it.

If your report contains erroneous information, the CRA must correct it. If an item is incomplete, the CRA must complete it. For example, if your file shows that you were late in making payments on accounts, but fails to show that you are no longer delinquent, the CRA must correct the report to show that your payments now are current. Or if your file shows an account that belongs only to another person, the CRA would have to delete it. Also, if you request, the CRA must send a notice of

correction to anyone who received your report in the past six months. Job applicants can have a corrected copy of their report sent to anyone who received a copy during the past two years.

If a reinvestigation doesn't resolve your dispute, the law allows you to file a statement of up to 100 words to explain your side of the story. The CRA must include the statement with every request for your report. CRA staff can help you prepare the statement.

Accurate Negative Information

Accurate negative information can stay on your report for 7 years; bankruptcies for 10 years. Also, any negative information may be reported indefinitely for use in the evaluation of your application for:

- * \$50,000 or more in credit;
- * a life insurance policy with a face amount of \$50,000 or more; or
- * consideration for a job paying \$20,000 or more.

Registering a Dispute

You must direct your dispute to the CRA. Although the FCRA doesn't require it, FTC staff recommend that you submit your dispute in writing, along with copies (NOT originals) of documents that support your position.

Your letter should include your complete name and address, clearly identify each item you dispute, explain why you dispute the information, and request deletion or correction. You may want to include a copy of your report with the items in question circled. Your letter may look something like the one at the end of this brochure.

Send your dispute letter by certified mail, return receipt requested, so you can document what the CRA received. Keep copies of your dispute letter and enclosures.

Adding Accounts to Your File

Your credit file may not reflect all your credit accounts. Although most national department store and all-purpose bank credit card accounts will be included in

your file, not all creditors supply information to CRAs: Some travel, entertainment, gasoline card companies, local retailers, and credit unions are among those creditors that don't.

If you've been told you were denied credit because of an 'insufficient credit file' or 'no credit file' and you have accounts with creditors that don't appear in your credit file, ask the CRA to add this information to future reports. Although they are not required to do so, many CRAs will add verifiable accounts for a fee.



Can't pay your bills? You're not alone. Today, millions of Americans are having difficulty paying their debts. Most of those in financial distress are middle income families with jobs who want to pay off what they owe.

But it is important for you to act. Doing nothing can lead to much larger problems in the future—even bigger debts, the loss of assets such as your house, and a bad credit record.

The good news is that there are solutions. The remedies provided in this brochure can help improve your relationships with creditors, reduce your debts, and help you manage your money. In brief, these solutions can help give you a new, fresh start.

Are You In Financial Trouble?

If bill collectors are calling you, you know you're in financial trouble. But what if you're just having difficulty stretching your paycheck to pay monthly bills? If you answer yes to any one of the following questions, you should act.

- * Do you routinely spend more than you earn?
- * Are you forced to make day-to-day purchases on credit?
- * Are you able to make only the minimum payments on monthly credit card

debts?

* If you lost your job, would you have difficulty paying next month's bills?

"With budgeting guidance, we now have peace of mind. We have learned a most valuable lesson about money management. Our future looks brighter." Linda R.

What You Can Do For Yourself

Review your specific obligations that creditors claim you owe to make certain you really owe them. If you dispute a debt, first contact the creditor directly to resolve your questions. If you still have questions about the debt, contact your state or local consumer protection office or state Attorney General.

Contact your creditors to let them know you're having difficulty making your payments. Tell them why you're having trouble- perhaps it's because you recently lost your job or have unexpected medical bills. Try to work out an acceptable payment schedule with your creditors. Most are willing to work with you and will appreciate your honesty and forthrightness.

The Fair Debt Collection Practices Law prohibits a debt collector from showing what you owe to anyone but your attorney, harassing or threatening you, using false statements, giving false information about you to anyone, and misrepresenting the legal status of your debts. Remember that under other federal laws to collect debts, creditors cannot seize most government assistance and can only garnish a portion of wages to collect debts.

Budget your expenses. Create a spending plan that allows you to reduce your debts. Itemize your necessary expenses (such as housing and health care) and optional expenses (such as entertainment and vacation travel). Stick to the plan.

Try to reduce your expenses. Cut out any unnecessary spending such as eating out and purchasing expensive entertainment. Consider taking public transportation rather than owning a car. Clip coupons, purchase generic products at the supermarket, and avoid impulse purchases. Above all, stop incurring new debt. Consider substituting a debit card for your credit cards.

Use your savings and other assets to pay down debts. Withdrawing savings from low-interest accounts to settle high-rate loans usually makes sense. Selling off a second car not only provides cash but also reduces insurance and other

maintenance expenses.

Look for additional resources from governmental and private sources for which you may be eligible. Government assistance includes unemployment compensation. Aid to Families with Dependent Children (AFDC), food stamps, low-income energy assistance, Medicaid, and Social Security including disability. Other resources may be available from churches and community groups. Often these sources are listed in the Yellow Pages of your phone book.

"Looking closely at our options helped us realize that we still needed to try self-budgeting before taking more extreme measures. We think that perhaps we were giving up too soon." Alicia A.

What Others Can Do For You

Credit Counseling. If you are unable to make satisfactory arrangements with your creditors, there are organizations that can help. An organization that you can call is a Consumer Credit Counseling Service (CCCS) agency. These local, non-profit organizations affiliated with the National Foundation for Consumer Credit (NFCC) provide education and counseling to families and individuals.

For consumers who want individual help, CCCS counselors with professional backgrounds in money management and counseling can provide support. To promote high standards, the NFCC has developed a certification program for these counselors. A counselor will work with you to develop a budget to maintain your basic living expenses and outline options for addressing your total financial situation. If creditors are pressing you, a CCCS counselor can also negotiate with these creditors to repay your debts through a financial management plan.

Under this plan, creditors often agree to reduce payments, lower or drop interest and finance charges, and waive late fees and over-the-limit fees. After starting the plan, you will deposit money with CCCS each month to cover these new negotiated payment amounts. Then CCCS will distribute this money to your creditors to repay your debts. With more than 1,100 locations nationwide, CCCS agencies are available to nearly all consumers. Supported mainly by contributions from community organizations, financial institutions, and merchants, CCCS provides services free or at a low cost to individuals seeking help. To contact a

CCCS office for confidential help, look in your telephone directory white pages, or call 1 (800) 388-2227, 24 hours a day, for an office near you.

"I cannot tell you how happy I am to finally be able to control my finances now that I have followed a budget. So far, so good. I actually have a balance in my savings account!" Rodney O.

Personal Bankruptcy. Bankruptcy is a legal procedure which can give people who cannot pay their bills a fresh start. A decision to file for bankruptcy is a serious step. You should make it only if it is the best way to deal with financial problems.

There are two types of bankruptcy available to most individuals. Chapter 13 or "reorganization" allows debtors to keep property which they might otherwise lose, such as a mortgaged house or car. Reorganizations may allow debtors to pay off or cure a default over a period of three to five years, rather than surrender property.

Chapter 7 or "straight bankruptcy" involves liquidation of all assets that are not exempt in your state. The exempt property may include items such as work-related tools and basic household furnishings, among others. Some of your property may be sold by a court-appointed official or turned over to your creditors. You can file for Chapter 7 only once every six years.

Both types of bankruptcy may get rid of unsecured debts (those where creditors have no rights to specific property), and stop foreclosures, repossessions, garnishments, utility shutoffs, and debt collection activities. Both types also provide exemptions that permit most individual debtors to keep most of their assets, though these "exemption" amounts vary greatly from state to state.

Bankruptcy cannot clean up a bad credit record and will be part of this record for up to ten years. It can, for example, make it more difficult to get a mortgage to buy a house. It usually does not wipe out child support, alimony, fines, taxes, and some student loan obligations. Also, unless under Chapter 13 you have an acceptable plan to catch up on your debt, bankruptcy usually does not permit you to keep property when the creditor has an unpaid mortgage or lien on it.

Bankruptcy cases must be filed in federal court. The filing fee is \$160, which sometimes may be paid in installments. This fee does not include the fees of your bankruptcy lawyer.

Choosing a bankruptcy lawyer may be difficult. Some of the least reputable

lawyers make easy money by handling hundreds of bankruptcy cases without adequately considering individual needs. Recommendations from those you know and trust, and from employee assistance programs, are most useful.

Some public-funded legal services programs handle bankruptcy cases without charging attorney fees. Or these programs may provide referrals to private bankruptcy lawyers. Keep in mind that the fees of these attorneys may vary widely.

"Our bills have been a source of worry to us. After bringing our problem to credit counselors, we have begun to feel there is a way to cope with it. We are feeling more confident now." Nelson M.

Possible Pitfalls

Credit counselors who aren't helpful. Often for-profit or non- credentialed counseling organizations make promises that they cannot or do not keep. Be especially careful when asked for a large sum of money in advance. To check the organization's reputation, contact your state Attorney General, consumer protection agency, or Better Business Bureau.

"Credit repair" clinics and "credit doctors" have been frequently criticized for promising that they can remove negative information from your credit report. But accurate information cannot be changed. If information is old or inaccurate, you can contact a credit bureau yourself and ask that it be removed.

Risky refinancing options. When already in financial trouble, second mortgages greatly increase the risk that you may lose your home. Be wary of any loan consolidations or other refinancing that actually increase interest owed or require payments of points or large fees.

A Final Word: Don't lose hope, even if you despair of ever recovering financially. You can regain financial health if you act. Pursuing the options presented in this pamphlet can put you on the road to financial recovery.

"It feels great to be getting my life (and credit) in order!" Robyn H.

The following organizations and individuals worked together in the preparation of this pamphlet and endorse its content.

American Association of Retired Persons

Consumer Action
Consumer Federation of America
National Consumer Law Center staffers
National Foundation for Consumer Credit
U.S. Consumer Information Center
U.S. Office of Consumer Affairs
Visa U.S.A.

A credit card is a great financial tool. It can be more convenient to use and carry than cash and it offers valuable consumer protections under federal law.

At the same time, it's a big responsibility. If you don't use it carefully, you may owe more than you can repay, damage your credit rating, and create credit problems for yourself that can be difficult to undo.

Chances are your mail is full of solicitations from credit card issuers. How do you know if the time is right for a credit card? Here's some important information that may help you determine whether you're ready for plastic, what to look for when you select a company to do business with, and how to use your credit card responsibly.

Qualifying for a Credit Card

If you're at least 18 years old and have a regular source of income, you're well on your way to qualifying for a card. But despite the invitations from card issuers, you'll still have to demonstrate that you're a good risk before they grant you credit. The proof is in your credit record. If you've financed a car loan or other purchase, you probably have a record at a credit reporting bureau. This credit history shows how responsible you've been in paying your bills and helps the credit card issuer decide how much credit to extend.

Before you submit a credit application, get a copy of your report to make sure it's accurate. It's available from the three major credit bureaus:

EQUIFAX PO Box 105873, Atlanta, GA 30348; (800) 685-1111 (up to \$8 fee)

EXPERIAN (formerly TRW), PO Box 8030, Layton, UT 84041; (800) 392- 1122
(No charge)

TRANS UNION PO Box 390, Springfield, PA 19064; (216) 779-7200 (up to \$8 fee)

Establishing A Credit History

Suppose you haven't financed a car loan, a computer, or some other major purchase. How do you begin to establish credit? First, consider applying for a credit card at a local store and use it responsibly. Ask if they report to a credit bureau. If they do - and if you pay your bills on time - you'll establish a good credit history.

Second, consider a secured credit card. It requires that you open and maintain a bank account or other asset account at a financial institution as security for your line of credit. Your credit line will be a percentage of your deposit, typically from 50 to 100 percent. Application and processing fees are not uncommon for secured credit cards. In addition, secured credit cards usually carry higher interest rates than traditional non-secured cards.

Third, consider asking someone with an established credit history - perhaps a relative - to co-sign the account if you don't qualify for credit on your own. The co-signer promises to pay your debts if you don't. You'll want to repay any debt promptly so you can build a credit history and apply for credit in the future on your own.

A positive credit history is an asset, not only when you apply for a credit card, but also when you apply for a job or insurance, or when you want to finance a car or home.

If Your Application is Denied

If you're turned down for a card, ask why. It may be that you haven't been at your current address or job long enough. Or that your income doesn't meet the issuer's

criteria. Different credit card companies have different standards. But if you are turned down by several companies, it may indicate that you are not ready for a credit card.

If you've been denied credit because of information supplied by a credit bureau, federal law requires the creditor to give you the name and address of the bureau that supplied the information. If you contact that bureau within 30 days of receiving the denial, you are entitled to a free copy of your report. If your file contains accurate negative information, only time and good credit habits will restore your credit-worthiness. If you find an error in your report, you are entitled to have it investigated by the credit bureau and corrected at no charge.

Getting the Best Deal

Fees, charges, and benefits vary among credit card issuers. When you're choosing a credit card, shop around. Compare these important features:

Annual Percentage Rate (APR). The APR is a measure of the cost of credit, expressed as a yearly interest rate. Check out the "periodic rate," too. That's the rate the issuer applies to your outstanding balance to figure the finance charge for each billing period. For example, if you have an outstanding balance of \$2,000, with 18.5 % interest and a minimum monthly payment, it would take over 11 years to pay off the debt and cost you an additional \$1,934 just for interest, which almost doubles the total cost of your original purchase.

Grace Period. This is the time between the date of a purchase and the date interest starts being charged on that purchase. If your card has a standard grace period you have an opportunity to avoid finance charges by paying your current balance in full. Some issuers allow a grace period for new purchases even if you do not pay your balance in full every month. If there is no grace period, the issuer imposes a finance charge from the date you use your card or from the date each transaction is posted to your account.

Annual Fees. Many credit card issuers charge an annual fee for granting you credit, typically \$15 to \$55. Some issuers charge no annual fee.

Transaction Fees and Other Charges. Some issuers charge a fee if you use the card to get a cash advance, if you fail to make a payment on time, or if you

exceed your credit limit. Some may charge a flat fee every month whether you use the card or not.

Customer Service. Many issuers have 24-hour toll-free telephone numbers.

Other Benefits. Issuers may offer additional benefits, some with a cost, such as: insurance, credit card protection, discounts, rebates, and special merchandise offers.

Credi-Quette

Once you get a card, sign it immediately so no one else can use it. Note that the accompanying papers have important information, like customer service telephone numbers, in case your card is lost or stolen. File this information in a safe place.

Call the card issuer to activate the card. Many issuers require this step to minimize fraud and to give you additional information.

Keep your account information to yourself. Never give out your credit card number or expiration date over the phone unless you know who you're dealing with. A criminal can use this information to steal money from you, or even assume your credit identity.

Keep copies of sales slips and compare charges when your bill arrives. Promptly report in writing any questionable charges to the card issuer.

Don't lend your card to anyone, even to a friend. Your credit privilege and history are too precious to risk.

You're Responsible

While a credit card makes it easy to buy something now and pay for it later, you can lose track of how much you've spent by the time the bill arrives if you're not careful. And if you don't pay your bill in full, you'll probably have to pay finance charges on the unpaid balance. What's more, if you continue to charge while carrying an outstanding balance, your debt can snowball. Before you know it, your minimum payment is only covering the interest. If you start having trouble repaying the debt, you could tarnish your credit report. And that can have a sizable impact on your life. A negative report can make it more difficult to finance a car or home, get insurance, and even get a job.

Federal Protections. Federal law offers the following protections when you use credit cards.

Errors on Your Bill.

You must notify the card issuer in writing within 60 days after the first bill containing the error was mailed to you. In your letter, include your name; account number; the type, date, and amount of the error; and the reason why you believe the bill contains an error. In return, the card issuer must investigate the problem and either correct the error or explain to you why the bill is correct. This must occur within two billing cycles and not later than 90 days after the issuer receives your billing error notice. You do not have to pay the amount in question during the investigation.

Unauthorized Charges.

If your credit card is used without your authorization, you can be held liable for up to \$50 per card. If you report the loss of a card before it is used, the card issuer cannot hold you responsible for any unauthorized charges. If a thief uses your card before you report it missing, the most you will owe for unauthorized charges is \$50. You should be prompt in reporting the loss or theft of your card to limit your liability.

Kinds of Credit Accounts

Credit grantors generally use three types of accounts:

Revolving Agreement. A consumer pays in full each month or chooses to make a partial payment based on the outstanding balance. Department stores, gas and oil companies, and banks typically issue credit cards based on a revolving credit plan.

Charge Agreement. A consumer promises to pay the full balance each month, so the borrower does not have to pay interest charges. Charge cards, not credit cards, and charge accounts with local businesses often require repayment on this basis.

Installment Agreement. A consumer signs a contract to repay a fixed amount of credit in equal payments over a specific period of time. Automobiles, furniture, and major appliances often are financed this way. Personal loans usually are paid back in installments, too.

Introduction

SHOP. Smart consumers do comparison shopping when looking for credit such as a mortgage or an auto loan. It is also a good practice to engage in when shopping for a credit card plan, because the choices you make could save you money.

SHOP among the various plans of credit card issuers contained in this brochure. Compare them with cards you already have and with offers you receive in the mail for the terms that best suit your spending and repayment habits. The costs and terms of the plan or plans can make a difference to how much you pay for the privilege of borrowing.

In the disclosure form from the credit car issuer, key credit terms to consider are the annual percentage rate (APR), annual fee, and grace period. Also consider credit terms such as cash advance fees, late payment charges, and over-the-limit fees.

Take these items into consideration along with how you pay your bills each month, whether in full or only partially. You could save yourself some money.

Definition Of Terms

ANNUAL FEE A flat, yearly charge similar to a membership fee.

ANNUAL A measure of the cost of credit that

PERCENTAGE expresses the finance charge, which includes

RATE (APR) interest and may also include other charges, as a yearly rate.

FINANCE CHARGE The dollar amount you pay to use credit. Besides interest costs, it may include other charges associated with transactions such as cash advance fees.

GRACE PERIOD A time, about 25 days, during which you can pay your credit card bill without paying a finance charge. Under almost all credit card plans, the grace period only applies if you pay your balance in full each month. It does not apply if you carry a balance forward. Also, the grace period does not apply to cash advances.

INTEREST RATE Interest rates on credit card plans change over time. Some are explicitly tied to changes in other interest rates such as the prime rate or the Treasury Bill rate and are called variable rate plans. Others are not explicitly tied to changes in other interest rates and are called fixed rate plans.

Variables And Impact

Calculation of Finance Charge

It is helpful to know how the credit card issuer will calculate the finance charge on your credit card bill. To determine the finance charge, an issuer will apply a periodic rate to a balance. Card issuers use different balance calculation methods such as: the average daily balance method, the previous balance method, and the adjusted balance method.

With the average daily balance method (the most common method), the issuer calculates the balance by taking the amount of debt you had in your account each day during the period covered by the billing statement and averages it. With the previous balance method, the issuer uses the balance outstanding at the end of the previous period--that is, the period prior to the one covered by the billing statement. With the adjusted balance method, the balance is derived by subtracting the payments you've made from the previous balance.

Combinations to Consider

Smart consumers find the best deal for their budgets and repayment style. For example, if you always pay your monthly bill(s) in full, the best type of card is one that has no annual fee and offers a grace period for paying your bill without paying a finance charge.

No annual fee + grace period = best deal

If you don't always pay off the credit card balance monthly, be sure to look at the periodic rate that will be used to calculate the finance charge.

Credit card issuers that offer variable interest rate plans derive the rate to be charged to the consumer by using a formula.

Two of the most common formulas are:

+ Margin Index or

= Variable rate

[Graphic Omitted]

x Multiple

Some of the more common indexes used by credit card issuers are the prime rate, the one-, three-, or six-month Treasury Bill rate, the federal funds or Federal Reserve discount rate. Most of these indexes can be found in the money or business section of major newspapers. Once the interest rate corresponding to the index has been identified, the issuer then adds a number of percentage points, the "margin," to this index rate to calculate the rate charged.

In some cases, the issuer might elect to use another formula to determine the rate to be charged to the consumer. The issuers multiply the index or index plus the margin by another number, "the multiple," to calculate the rate charged.

Possible Savings

The following is an example of the annual savings you could achieve by switching to a credit card plan with a lower interest rate and no annual fee.

ASSUMPTION In this example, the average monthly balance carried forward equals \$2,500, which is about the national average for consumers with credit card debt.

PLAN DESCRIPTIONS:

Terms	Plan A	Plan B
Average monthly balance	\$2,500	\$2,500
APR	x .18	x .14

Amount paid in finance charges

annually	\$450	\$350
Annual fee	+ \$ 20	+ \$ 0
Total cost	\$470	\$350

In this example, the total possible savings each year achieved by selecting a credit card plan with a lower interest rate and not annual fee is (\$470 - \$350) \$120.

Credit Card Owner's Checklist

If you are applying for your first credit card or have several cards already, here are some helpful tips you might want to follow in shopping for a credit card.

1. Review all of the information about the plans.
2. Draft a list of desired features that best fit your needs and rank them according to how you plan to use the card.
3. Call the institutions you've selected to verify the information and to see if they have any other plans available.
4. If you are a current card holder and have a good credit rating, see if the institution that your card will lower you current rate...NEGOTIATE. [Graphic Omitted]

Survey Results

Every six months the Federal Reserve System collects and published a report on the terms of credit card plans offered by financial institutions. This report includes information supplied by the largest card issuers in the country, as well as any other financial institutions that indicate to the Federal Reserve System that they would like to participate in the report and submit information about their credit card plans. The credit terms listed in this report are as of the date indicated below and are subject to change. Consequently, readers are encouraged to contact the credit card issuer for current rates and to learn about their other credit card plans.

Codes Used In The Credit Card Plan List:

Availability Refers to availability of card to consumers

N = national

R = only in selected states

State abbreviation = only in state specified

Type of F = fixed

Pricing V = variable

T = tiered pricing, with different periodic rates applying to different levels of the outstanding balance. The rate shown applies to the lowest of the balance tiers. 8

Grace Period Indicates that no finance charge will be imposed for credit extended on purchase if payment in full is received by the payment due date after the end of the billing period in which the purchase was made. Generally, a grace period allows customers to avoid finance charges on purchases if they always pay their credit card bill in full by the due date of the bill. Grace periods usually do not apply to cash advances, which begin accruing interest from the day of transaction.

Other Features Credit card issuers may automatically add enhancements or other features in the plan without charging extra fees. Enhancements can include cash rebates, purchase protections, warranty guarantees, travel accident or automobile rental insurance, discounts on goods and services purchased, and usage incentives such as frequent flyer miles.

1 = rebates on purchases

2 = extension of manufacturer's warranty

3 = purchase protection/security

4 = travel accident insurance

5 = travel related discounts

6 = automobile rental insurance

7 = non-travel related goods or services

8 = credit card registration

9 = other

N.R. = not reported

Date of Survey The credit terms shown in this brochure were as of
January 31, 1995 9

INSTITUTION, Ann. Type Grc

Credit Card Plan % of In- per. Ann. Oth.

and Availability Rate Prcg dex days fee Ftrs. Telephone

ABBOTT BK

Mastercard,N 17.40 V 1 25 0 2,3,4,6 (800)288-6844

AFBA IND BK

AFBA Industrial

Bank Visa, Master

card,N 14.50 V 1 25 0 N.R. (800)776-2265

AMALGAMATED BK

CHICAGO

Gold Mastercard, 2,3,4,5,

N 13.00 V 1 25 0 6,7,8,9 (800)365-6464

AMERICAN EXPRESS

CENTURION BK 2,3,4,6,

Optima,R 15.50 V 1 25 25 9 (800)635-5955

AMERICAN GEN FNCL

CTR

The More Card

(Visa),N 19.80 F * 25 0 N.R. (800)828-6673

ASMOOUTH BK OF AL

Classic Credit

Card,R 19.50 F * 25 15 N.R. (800)231-7493

ASSOCIATES NB DE

Mastercard & Visa,

N 19.80 F * 25 20 N.R. (800)533-5600

BANK IV KS NA

Visa,R 15.90 F * 25 25 1,8 (800)333-5221

BANK OF AMER NA

Visa Classic,R 11.65 V 1 25 18 N.R. (800)243-5562

BANK OF CA NA

Standard Master

Card,R 16.80 F * 30 15 4 (800)544-2920

BANK OF HI

Visa Classic

Card,HI 16.50 F * 25 15 2,3,4,6 (800)543-9611

BANK OF HOVEN

Bank of Hoven-

Visa,N 21.00 F * 25 39 N.R. (800)339-0128

BANK OF MISSISSIPPI

Mastercard,MS 18.00 F * 25 0 N.R. (800)680-2123

BANK OF NY DE

Mastercard,N 13.50 V 1 0 0 N.R. (800)942-1977

BANK ONE OF AKRON NA

Visa,OH 18.40 V 1 25 0 N.R. (216)372-1322

BANK ONE OF AZ NA

Standard Master

Card and Visa,R 16.25 V 1 25 25 2,3,4,9 (800)862-2427

BANK ONE CINCINNATI NA 10

Bank One Visa,OH 18.40 V 1 25 20 N.R. (513)985-5706

INSTITUTION, Ann. Type Grc.

Credit Card Plan % of In- per. Ann. Oth.

and Availability Rate Prcg dex days fee Ftrs. Telephone

BANK ONE CLEVELAND NA

Visa,OH 15.15 V 1 25 20 N.R. (216)352-5993

BANK ONE COLUMBUS NA

Visa/Mastercard

Classic Credit

Card,N 18.40 V 1 25 20 N.R. (614)248-3412

BANK ONE OF DAYTON NA

Visa Classic,N 18.40 F * 0 20 N.R. (513)443-2240

BANK ONE YOUNGSTOWN NA

Visa,R 16.90 V 1 25 0 N.R. (216)742-5018

BARNETT BK OF

BROWARD CITY NA

Classic Visa,R 14.40 V 1 25 0 4,9 (800)323-6276

BARNETT BK OF TAMPA

Classic Visa, FL 16.80 V 1 25 0 4,9 (800)323-6276

BAYBANK

Mastercard

Classic,N 16.80 V 1 25 21 3,4,8 (800)221-3393

BOATMENS CREDIT

CARD BK

Mastercard,R 17.80 V 1 25 0 4 (800)466-6420

BRANCH BKG&TC

Mastercard,R 18.00 F * 25 15 4 (800)476-4228

BROADWAY NB

Visa, TX 13.92 V 4 0 0 N.R. (210)283-6552

CAPITAL ONE BK

Visa,R 14.90 V 1 25 20 9 (800)933-5182

CENTRAL BK

Visa,R 18.00 F * 25 12 N.R. (318)362-8466

CENTRAL CAROLINA B&TC

Mastercard

Gold,N 9.00 V 1 25 20 4,6,9 (800)334-1073

CENTRAL FIDELITY NB

Mastercard,VA 15.60 F * 25 15 N.R. (800)388-5634

CHASE MANHATTAN BK USA

Classic Visa &
 Classic Mastercard, 2,3,
 N 19.80 F * 30 20 4,7,9 (800)441-7681

CHEMICAL BK
 Standard Master 2,3,4,
 Card/Visa,N 17.80 F * 25 20 5,7,9 (516)648-3355
CHEVY CHASE BK FSB 11
 Visa/Gold,N 14.33 V 1 25 40 1.4 (800)937-5000

INSTITUION, Ann. Type Grc.
 Credit Card Plan % of In- per. Ann. Oth.
 and Availability Rate Prcg dex days fee Ftrs. Telephone

CITIBANK SOUTH DAKOTA NA
 Citibank Classic 2,3,
 Card,N 17.90 V 1 25 0 4,5,7 (800)950-5114

CITIZENS TC
 Citizens Visa
 Classic,N 14.50 F * 0 0 N.R. (800)455-5000

COLONIAL NB USA
 Visa,N 13.26 V 1 25 30 3.4,6 (800)544-2028

COLORADO NB
 Visa,R 17.40 V 1 25 12 N.R. (800)933-4433

COLUMBUS B&TC
 Visa Classic,N 17.90 F 8 25 0 N.R. (800)487-5391

COMERICAN BK-DETROIT
 Comerica Classic
 Card,N 16.75 F * 25 15 4 (800)841-0012

COMMERCE BK NA
 Special Connections
 Visa/Mastercard,
 R 16.50 V 1 25 0 4,9 (800)645-2103

COMMERCE BK OF OMAHA NA
 Special Connections

Visa/Mastercard,
R 16.50 V 1 25 0 4,9 (800)645-2103

COMMERCE BK OF
SPRINGFIELD NA

Special Connections
Visa & Mastercard,

R 16.50 V 1 25 0 4,9 (800)645-2103

COMPASS BK

Mastercard,R 18.00 V 1 30 20 N.R. (800)239-5175

CORESTATES BK OF DE NA

Visa,R 17.80 V 1 25 20 N.R. (800)833-3010

CRESTAR BK

Visa Classic,N 15.90 F * 25 20 4,9 (800)368-7700

DIAL BK

Mastercard/

Visa,N 19.80 T * 25 20 N.R. (605)336-3933

EUROPEAN AMER BK

Visa, NY 17.70 V 1 25 0 N.R. (516)296-6028

FCC NB

First Card Visa 2,3,

Gold,N 18.40 V 1 25 0 4,6,9 (800)368-4535

FEDERAL SVG BK 12

Visa,N 9.72 V 8 25 33 N.R. (800)285-9090

INSTITUTION, Ann. Type Grc.

Credit Card Plan % of In- per. Ann. Oth.

and Availability Rate Prcg dex days fee Ftrs. Telephone

FIDELITY NB

Visa

Consumerscard,N 15.90 F * 25 25 9 (800)753-2900

FIDELITY TC

Mastercard, 2,3,4,

Visa,N 17.65 V 1 25 0 5,6,8 (800)323-5353

FIFTH THIRD BK

Select Visa,R 14.40 V 1 30 18 9 (800)972-3030

FIRST AL BK

Mastercard

(Classic),R 19.50 F * 25 15 N.R. (800)828-0893

FIRST BK SD NA

Visa,N 17.90 V 1 25 20 N.R. (800)285-8585

FIRST CITIZENS B&TC

Mastercard,NC 18.00 F * 25 15 4 (919)779-8540

FIRST CITIZENS B&TC OF SC

Mastercard,SC 14.88 F * 25 20 4 (803)733-2050

FIRST CONSUMERS NB

Mastercard,N 18.90 V 1 30 39 2,3,4 (800)876-3262

FIRST DEPOSIT NB

2,3,

Visa Gold,R 14.90 V 1 25 0 4,6,9 (800)227-6886

FIRST FIDELITY BK NA

Visa,R 17.30 V 1 25 15 1 (800)338-0644

FIRST FNCL BK FSB

First Financial 1,2,3,4,

Visa,N 17.80 F * 25 15 5,6,9 (800)472-7708

FIRST HAWAIIAN BK

Mastercard,HI 16.50 F * 25 15 4.6.7 (*00)847-4444

FIRST INTRST BK OF AZ NA

Visa Standard

Card, AZ 17.90 V 1 25 20 N.R. (800)955-5050

FIRST INTRST BK OF CA

Mastercard-

Standard,CA 17.50 V 1 25 20 N.R. (800)955-5050

FIRST INTRST BK OF NV NA

Mastercard-

Standard,NV 17.90 V 1 25 15 N.R. (800)955-5050

FIRST INTRST BK OF OR NA

Visa Standard

Card,OR 19.50 V 1 25 25 N.R. (800)955-5050

FIRST INTRST BK OF WA NA

Visa Standard

Card, WA 17.90 F * 25 18 N.R. (800)955-5050

FIRST NB OF ATLANTA

Wachovia Bank 13

Visa, N 11.40 V 1 25 39 4 (800)842-3262

INSTITUTION, Ann. Type Grc.

Credit Card Plan % of In- per. Ann. Oth.

and Availability Rate Prcg dex days fee Ftrs. Telephone

FIRST NB OF CMRC

Visa/Mastercard,

N 16.90 V 1 25 12 N.R. (800)826-3390

FIRST NB OF OMAHA

Visa,N 19.75 V 9 0 0 4,5,9 (800)688-7070

FIRST NB SD

Visa,SD 19.75 V 9 0 0 4 (800)688-7070

FIRST NH BK

Mastercard,R 16.90 V 1 25 20 4 (800)852-3719

FIRST OF AMER BK-IL-NA

National Gold

Mastercard/Visa,

N 15.40 V 1 25 0 2,3,4,6 (800)423-3883

FIRST OF AMER BK-MI NA

Classic Variable Rate

Mastercard/Visa,

N 16.90 V 1 25 0 N.R. (800)423-3883

FIRST OMNI BK NA

Visa/Mastercard, 2,3,4,

N 17.20 V 1 25 0 5,6,8 (800)441-8026

FIRST SECURITY BK OF ID NA

Visa,ND 17.40 V 1 25 0 4,6 (800)445-2689

FIRST SECURITY BK OF NM NA

Visa Classic,R 18.00 V 1 25 0 N.R. (800)445-2689

FIRST SECURITY BK OF UT NA

Visa, UT 17.40 V 1 25 0 4,5,6 (800)445-2689

FIRST TENNESSEE**BK NA NMPHS**

Visa,R 16.40 V 1 30 0 N.R. (800)234-2840

FIRST UNION NB OF GA

Standard Visa,N 13.90 F * 25 0 4,9 (800)359-3862

FIRST USA BK**First USA Bank**

USA,R 14.65 V 1 25 0 3,4,6 (800)955-9900

FIRST VA BK

Visa,R 16.98 F * 25 15 4,8 (800)634-8803

FIRST WESTERN BK NA

Visa,N 15.40 V 1 25 0 4,9 (412)652-7146

FIRSTAR BK MILWAUKEE NA**Elan Mastercard**

and Visa,R 18.00 F * 25 15 4 (800)558-3424

FIRSTIER BK NA LINCOLN 14

Visa,R 18.00 F * 25 18 4 (800)432-3209

INSTITUTION, Ann. Type Grc.

Credit Card Plan % of In- per. Ann. Oth.

and Availability Rate Prcg dex days fee Ftrs. Telephone

FLEET BK

Fleet Visa,N 16.15 V 1 25 20 4 (800)537-3777

GE CAPITAL CONSUMER**CARD CO**

GE Rewards

Preferred,N 19.80 F * 25 0 N.R. (513)677-6736

GREENWOOD TC

Discover,N 17.40 V 1 25 0 1,9 (800)347-2683

HARRIS T&SB

Mastercard & Visa

Classic,N 18.40 V 1 25 0 N.R. (708)520-6550

HOUSEHOLD BK NV NA

Regular Visa/

Mastercard,N 17.90 V 1 25 25 4,9 (800)477-6000

HUNTINGTON NB

Mastercard,R 16.40 V 1 25 0 N.R. (614)480-2719

IDAHO FIRST BK 3,4,5,

Classic Visa,R 17.67 V 5 25 20 6,8,9 (208)387-3640

INTEGRA BK PITTSBURGH

Mastercard,R 14.90 V 3 25 15 2,3,4,6 (412)644-7554

INTRUST BK NA

Mastercard/

Visa,N 16.80 F * 25 12 N.R. (800)222-7458

J C PENNEY NB

Visa,N 19.50 F * 25 15 N.R. (800)247-4714

KELLY FIELD NB

Visa,TX 13.92 F * 25 0 N.R. (210)681-5100

KEY BK OF NY 2,3,4,

Mastercard,NY 14.11 V 3 25 20 5,6 (800)444-4539

KEY FSB 2,3,4,

Secured Visa,N 18.90 F * 25 35 8,9 (800)539-5398

LEADER FED BK FOR SVG 2,3,4,

Visa,R 14.90 F * 25 20 8,9 (800)874-8771

LIBERTY NC&TC OF KY

Mastercard,R 18.00 F * 30 20 4 (502)589-3111

MAGNA BK OF ILLINOIS 1,2,3,
 Mastercard,R 17.90 V 1 23 20 4,6 (800)624-6211
 MANUFACTURERS &

TRADERS TC 15
 Visa, NY 15.75 V 1 25 25 4,6 (800)724-3222

INSTITUTION, Ann. Type Grc.
 Credit Card Plan % of In- per. Ann. Oth.
 and Availability Rate Prcg dex days fee Ftrs. Telephone

MARINE MIDLAND BK
 Mastercard,N 19.80 F * 25 20 4,5,9 (800)962-7463
 MBNA AMERICA BK NA
 Mastercard,N 16.90 F * 25 0 N.R. (800)847-7378
 MELLON BK DE NA
 Interest Back
 Mastercard,N 20.40 V 1 25 0 4,5,8 (800)753-7011
 MERCANTILE BK OF IL NA
 Mastercard,R 17.90 F * 25 20 4 (800)755-4070
 METROPOLITAN NB
 Visa Classic,N 9.24 V 8 25 25 N.R. (501)570=1021

NATIONAL BK OF COMMERCE
 Mastercard,R 19.80 V 1 25 0 4 (901)529-6259
 NATIONAL BK OF SC
 Mastercard,SC 16.92 F * 0 0 4 (803)778-8498
 NATIONAL CITY BK
 Mastercard
 Classic,OH 17.90 T * 0 0 9 (800)282-7541
 NATIONAL CITY BK
 Mastercard 2,3,4,
 Gold,N 14.90 V 1 25 0 5,6 (800)727-8686
 NATIONAL CITY BK COLUMBUS

Mastercard

Classic,N 17.80 V 1 25 0 N.R. (614)863-8129

NATIONAL CITY BK IN

Mastercard,IN 17.80 F * 25 15 N.R. (800)774-2424

NATIONSBANK OF DE NA

Visa Classic,N 17.90 F * 25 18 4 (800)274-5060

NATWEST BK NA

Visa,N 18.40 V 1 25 20 4,5,6 (800)677-6677

NBD SKOKIE BK NA

Standard Mastercard

& Visa,R 16.90 V 1 25 0 4 (800)766-4623

NORWEST BK IA NA

Norwest Mastercard,

N 17.50 V 1 25 20 1,4 (800)247-8101

NORWEST BK NE NA

Norwest Mastercard,

N 17.50 V 1 25 20 1,4 (800)247-8101

OAK BROOK BK

Prime for First

Year,N 8.50 V 1 25 17 4,5,7,9 (800)666-1011

OHIO SVB BK

Visa/Mastercard, 16

R 14.75 V 1 25 0 4 (216)622-4163

INSTITUTION, Ann. Type Grc.

Credit Card Plan % of In- per. Ann. Oth.

and Availability Rate Prcg dex days fee Ftrs. Telephone

OLD KENT B&TC

Variable Rate

Mastercard &

Visa,N 12.30 V 1 25 38 4,9 (800)245-5353

ONE VALLEY BK NA

Mastercard,WV 16.75 F * 0 12 N.R. (800)342-7343

PEOPLES BK

Visa,N 11.50 F * 25 25 N.R. (800)426-1114

PNC BK DE

Visa/Mastercard,

N 13.99 V 1 0 0 N.R. (800)762-2273

PNC BK OH NA

Visa/Mastercard,

N 13.49 V 1 0 0 N.R. (302)791-2073

PNC NB

Visa/Mastercard,

N 13.99 V 1 0 0 N.R. (800)762-2273

PROVIDIAN NB

2,3,4,

Visa Gold,R 14.90 V 1 25 0 6,9 (800)227-6886

PRUDENTIAL B&TC

Visa Gold,R 16.90 F * 30 29 2,8,9 (800)322-2369

S&T BK

Visa,PA 9.96 F * 0 0 4 (412)479-5030

SEATTLE-FIRST NB

Regular Mastercard/

Visa,WA 18.00 V 4 21 18 4,5 (800)522-7300

SECURITY NB&TC

2,4,5,

Visa,R 15.25 V 3 25 18 6,7 (800)356-8085

SIGNET BK VA

Visa,N 19.80 F * 25 18 9 (800)955-7070

SIMMONS FIRST NB

visa,N 9.75 F * 25 35 4,8 (800)636-5151

SOCIETY NB

Visa,R 15.14 V 4 25 20 2,3,4,6 (216)689-7770

SOUTHERN NB OF NC

Mastercard,R 12.40 V 1 25 18 1,4 (800)289-6404

SOUTHTRUST BK OF AL NA

Visa Classic

Card,R 18.90 V 1 25 15 5,9 (800)292-6538

STAR BK NA

Visa,R 17.00 V 1 25 20 2,3,5,8 (513)762-8836
STATE SVG BK 17
Visa,OH 14.63 F * 25 0 N.R. (800)421-9543

INSTITUTION, Ann. Type Grc.
Credit Card Plan % of In- per. Ann. Oth.
and Availability Rate Prcg dex days fee Ftrs. Telephone

SUNTRUST BANCARD NA

Suntrust Bankcard,
R 17.90 V 1 25 21 N.R. (800)432-4932

TOWN NORTH NB

Mastercard-

Visa,N 14.0 V 4 0 0 4,5 (214)991-9733

TRAVELERS BK

Gold 2,3,4,
Mastercard,N 16.25 V 1 25 0 8,9 (800)772-7775

TRUSTCO BK NY

Mastercard,NY 17.90 F * 25 12 N.R. (518)381-3843

U S BK NA

AAA Visa,N 16.90 V 1 25 0 8 (800)872-2650

UNION BK

Mastercard,Ca 19.80 F * 25 15 1,4 (619)496-5355

UNION PLANTERS NB

Gold Mastercard,
N 13.50 V 1 25 0 2,3,6 (800)339-2121

UNITED MISSOURI BK USA

Mastercard,N 17.15 V 1 25 18 N.R. (800)821-5184

UNITED NB

Visa,R 16.49 V 1 25 0 9 (800)242-7600

UNITED STATES NB OF OR

Classic Visa/
Mastercard,OR 17.90 V 1 25 15 4 (800)291-6687

UNIVERSAL BK NA

Mastercard

Classic,N 17.90 V 1 25 20 2,3,4,6 (800)423-4343

USAA FSB

Mastercard,N 12.50 V 4 25 0 N.R. (800)922-9092

WELLS FARGO BK NA

Visa,N 19.80 F * 25 18 N.R. (800)642-4720

WEST ONE BK ID 3,4,5,

Classic Visa,R 16.67 V 5 25 20 6,8,9 (208)387-3640

WILMINGTON TC

Mastercard,N 17.75 V 4 25 18 4,5,8,9 (302)652-2378

1ST FINANCIAL BK SD 18

Visa,N 19.50 V 1 25 20 N.R. (800)733-1732

FRB-50000-395

BOARD OF GOVERNORS OF THE

FEDERAL RESERVE SYSTEM

WASHINGTON,DC 20551-0001

OFFICIAL BUSINESS

Consumer Literacy Consortium

Transportation

Airline Fares

1. You can lower the price of a roundtrip air fare by as much as two-thirds by making certain your trip includes a Saturday evening stayover, and by purchasing

the ticket in advance.

2. To make certain you have a cheap fare, even if you use a travel agent, call all the airlines that fly where you want to go and ask what the lowest fare to your destination is.

3. Keep an eye out for fare wars. Be prepared to act quickly.

Car Rental

1. Since car rental rates can vary greatly, shop around for the best basic rates and special offers.

2. Rental car companies offer various insurance and waiver options. Check with your insurance agent and credit card company in advance to avoid duplicating any coverage you may already have.

New Cars

1. You can save thousands of dollars over the lifetime of a car by selecting a model that combines a low purchase price with low financing, insurance, gasoline, maintenance, and repair costs. Ask your local librarian for new car guides that contain this information.

2. Having selected a model, you can save hundreds of dollars by comparison shopping. Call at least five dealers for price quotes and let each know that you are calling others.

3. Remember there is no "cooling off" period on new car sales. Once you have signed a contract, you are obligated to buy the car.

Used Cars

1. Before buying any used car:

a. Compare the seller's asking price with the average retail price in a "bluebook" or other guide to car prices found at many libraries, banks, and credit unions.

b. Have a mechanic you trust check the car, especially if the car is sold "as is."

2. Consider purchasing a used car from an individual you know and trust. They are more likely than other sellers to charge a lower price and point out any problems with the car.

Auto Leasing

1. Don't decide to lease a car just because the payments are lower than on a traditional auto loan. The leasing payments may be lower because you don't own the car at the end of the lease.
2. Leasing a car is very complicated. When shopping, consider the price of the car (known as the capitalized cost), your trade-in allowance, any down payment, monthly payments, various fees (excess mileage, excess "wear and tear," end-of-lease), and the cost of buying the car at the end of the lease.

Gasoline

1. You can save hundreds of dollars a year by pumping gas yourself and using the lowest-octane called for in your owner's manual.
2. You can save up to \$100 a year on gas by keeping your engine tuned and your tires inflated to their proper pressure.

Car Repairs

1. Consumers lose billions of dollars each year on unneeded or poorly done car repairs. The most important step that you can take to save money on these repairs is to find a skilled, honest mechanic. Before you need repairs, look for a mechanic who:
 - * is certified and well established;
 - * has done good work for someone you know; and
 - * communicates well about repair options and costs.

Insurance

Auto Insurance

1. You can save several hundred dollars a year by purchasing auto insurance from a licensed, low-price insurer. Call your state insurance department for a publication showing typical prices charged by different companies. Then call at least four of the lowest-priced, licensed insurers to learn what they would charge you for the same coverage.
2. Talk to your agent or insurer about raising your deductibles on collision and comprehensive coverages to at least \$500 or, if you have an old car, dropping these coverages altogether. Taking these steps can save you hundreds of dollars a

year.

3. Make certain that your new policy is in effect before dropping your old one.

Homeowner Insurance

1. You can save \$100 or more a year by purchasing homeowner insurance from a low-price, licensed insurer. Ask your state insurance department for a publication showing typical prices charged by different licensed companies. Then call at least four of the lowest priced insurers to learn what they would charge you. If such a publication is not available, it is even more important to call at least four insurers for price quotes.

2. Make certain you purchase enough coverage to replace the house and its contents.

3. Make certain your new policy is in effect before dropping your old one.

Life Insurance

1. If you want insurance protection only, buy a term life insurance policy.

2. If you want to buy a whole life, universal life, or other cash value policy, plan to hold it for at least 15 years. Cancelling these policies after only a few years can more than double your life insurance costs.

3. Check your public library for information about the financial soundness of insurance companies and the prices they charge. The July, August, and September 1993 issues of Consumer Reports are a valuable source of information about a number of insurers.

Banking/Credit

Checking

1. You can save more than \$100 a year in fees by selecting a checking account with a minimum balance requirement that you can, and do, meet.

2. Banking institutions often will drop or lower checking fees if paychecks are directly deposited by your employer. Direct deposit offers the additional advantages of convenience, security, and immediate access to your money.

Savings and Investment Products

1. Before opening a savings or investment account with a bank or other financial

institution, find out whether the account is insured by the federal government. An increasing number of products offered by these institutions, including mutual stock funds and annuities, are not insured.

2. To earn the highest return on savings (annual percentage yield) with little or no risk, consider certificates of deposit (CDs) and treasury bills or notes.

3. Once you select a type of savings or investment product, compare rates offered by different institutions. These rates can vary a lot and, over time, can significantly affect interest earnings.

Credit Cards

1. You can save as much as several hundred dollars each year in lower credit card interest charges by paying off your entire bill each month.

2. If you are unable to pay off a large balance, switch to a credit card with a low annual percentage rate (APR). For a modest fee, Bankcard Holders of America (703-389-5445) and RAM Research Corp. (800-344-7714) will send you a list of low-rate cards.

3. You can reduce credit card fees, which may add up to more than \$100 a year, by getting rid of all but one or two cards, and by avoiding late payment and over-the-credit limit fees.

Auto Loans

1. If you have significant savings earning a low interest rate, consider making a large down payment or even paying for the car in cash. This could save you as much as several thousand dollars in finance charges.

2. You can save as much as hundreds of dollars in finance charges by shopping for the cheapest loan. Contact several banks, your credit union, and the auto manufacturer's own finance company.

First Mortgage Loans

1. You may save tens of thousands of dollars in interest charges by shopping for the shortest-term mortgage you can afford. On a \$100,000 fixed-rate loan at 8% annual percentage rate (APR), for example, you will pay \$90,000 less in interest on a 15-year mortgage than on a 30-year mortgage.

2. You can save thousands of dollars in interest charges by shopping for the

lowest-rate mortgage with the fewest points. On a 15-year, \$100,000 fixed-rate mortgage, just lowering the APR from 8.5% to 8.0% can save you more than \$5,000 in interest charges. On this mortgage, paying two points instead of three would save you an additional \$1,000.

3. If your local newspaper does not periodically run mortgage rate surveys, call at least six lenders for information about their rates (APRs), points, and fees. Then ask an accountant to compute precisely how much each mortgage option will cost and its tax implications.

4. Be aware that the interest rate on most adjustable rate mortgage loans (ARMs) can vary a great deal over the lifetime of the mortgage. An increase of several percentage points might raise payments by hundreds of dollars per month.

Mortgage Refinancing

1. Consider refinancing your mortgage if you can get a rate that is at least one percentage point lower than your existing mortgage rate and plan to keep the new mortgage for several years or more. Ask an accountant to calculate precisely how much your new mortgage (including upfront fees) will cost and whether, in the long run, it will cost less than your current mortgage.

Home Equity Loans

1. Be cautious in taking out home equity loans. These loans reduce the equity that you have built up in your home. If you are unable to make payments, you could lose your home.

2. Compare home equity loans offered by at least four banking institutions. In comparing these loans, consider not only the annual percentage rate (APR) but also points, closing costs, other fees, and the index for any variable rate changes.

Housing

Home Purchase

1. You can often negotiate a lower sale price by employing a buyer broker who works for you, not the seller. If the buyer broker or the broker's firm also lists properties, there may be a conflict of interest, so ask them to tell you if they are showing you a property that they have listed.

2. Do not purchase any house until it has been examined by a home inspector that

you selected.

Renting a Place to Live

1. Do not limit your rental housing search to classified ads or referrals from friends and acquaintances. Select buildings where you would like to live and contact their building manager or owner to see if anything is available.
2. Remember that signing a lease probably obligates you to make all monthly payments for the term of the agreement.

Home Improvement

1. Home repairs often cost thousands of dollars and are the subject of frequent complaints. Select from among several well established, licensed contractors who have submitted written, fixed-price bids for the work.
2. Do not sign any contract that requires full payment before satisfactory completion of the work.

Major Appliances

1. Consult Consumer Reports, available in most public libraries, for information about specific brands and how to evaluate them, including energy use. There are often great price and quality differences among brands.
2. Once you've selected a brand, check the phone book to learn what stores carry this brand, then call at least four of these stores for the prices of specific models. After each store has given you a quote, ask if that's the lowest price they can offer you. This comparison shopping can save you as much as \$100 or more.

Utilities

Electricity

1. To save as much as hundreds of dollars a year on electricity, make certain that any new appliances you purchase, especially air conditioners and furnaces, are energy-efficient. Information on the energy efficiency of major appliances is found on Energy Guide Labels required by federal law. Check with your electric utility to learn if it has a program to help reduce the costs of any appliance purchases.
2. Enrolling in load management programs and off-hour rate programs offered by

your electric utility may save you up to \$100 a year in electricity costs. Call your electric utility for information about these cost-saving programs.

Home Heating

1. A home energy audit can identify ways to save up to hundreds of dollars a year on home heating (and air conditioning). Ask your electric or gas utility if they can do this audit for free or for a reasonable charge. If they cannot, ask them to refer you to a qualified professional.

Local Telephone Service

1. Check with your phone company to see whether a flat rate or measured service plan will save you the most money.
2. You will usually save money by buying your phones instead of leasing them.
3. Check your local phone bill to see if you have optional services that you don't really need or use. Each option you drop could save you \$40 or more each year.

Long Distance Telephone Service

1. Long distance calls made during evenings, at night, or on weekends can cost significantly less than weekday calls.
2. If you make more than a few long distance calls each month, consider subscribing to a calling plan. Call several long distance companies to see which one has the least expensive plan for the calls you make.
3. Whenever possible, dial your long distance calls directly. Using the operator to complete a call can cost you an extra \$1 to \$3.

Other

Food Purchased at Markets

1. You can save hundreds of dollars a year by shopping at the lower-priced food stores. Convenience stores often charge the highest prices.
2. You will spend less on food if you shop with a list.
3. You can save hundreds of dollars a year by comparing price- per-ounce or other unit prices on shelf labels. Stock up on those items with low per-unit costs.

Prescription Drugs

1. Since brand name drugs are usually much more expensive than their generic equivalents, ask your physician and pharmacist for generic drugs whenever appropriate.
2. Since pharmacies may charge widely different prices for the same medicine, call several. When taking a drug for a long time, also consider calling mail-order pharmacies, which often charge lower prices. See the October 1993 issue of Consumer Reports (available in most public libraries) for a list of several of these pharmacies and their toll-free phone numbers.

Funeral Arrangements

1. Make your wishes known about your funeral, memorial, or burial arrangements in writing. Be cautious about prepaying because there may be risks involved.
2. For information about the least costly options, which could save you several thousand dollars, contact a local memorial society, which is usually listed in the Yellow Pages under funeral services.
3. Before selecting a funeral home, call several and ask for prices of specific goods and services, or visit them to obtain an itemized price list. You are entitled to this information by law and, by using it to comparison shop, you can save hundreds of dollars.

Chris Hibbert of CPSR

Are you getting unsolicited mail that's more trouble than it's worth? Here are some things you can do that will give you more control of what comes into your home. I don't know of anything you can do that will stop the influx immediately, short of moving and not telling anyone (including creditors, employer, insurers, old friends, and especially the Post Office). If you're willing to start slow and spend some time on it, you can slowly cut down the amount of junk mail you get.

Dealing with specific types of organizations

The first thing to realize is that there are several different sources of junk mail, and there are different things you have to do for each of them. There are some broadband tools you can use to stop a lot of junk mail at once, but these miss some important categories. For the rest, until you figure out why you got a particular piece of mail, you can't take the action that will prevent its recurrence. It's important to realize that some companies maintain their own lists, while other companies buy the lists they mail to. In the first case, you have to talk to the company that is sending the mail, and in the second, you have to talk to whoever they bought your name from.

Some simple actions that may help a lot

One approach attempts to stop all the unsolicited mail at once. The good part of this approach is that it's not much work, the drawback is that you may stop receiving some mail that you wanted, but were only getting as a side-effect of something else. There are several different organizations you can contact, including the Direct Marketing Association, an organization of direct mailers. [see Q1.] and a few companies that charge a fee for individually contacting companies that are sending you mail. [see Q2.]

Among the companies that have their own lists are local merchants who like to send out periodic reminders, and the national firms that send out twice weekly piles of advertising to all postal patrons, The two big companies in this latter business are ADVO ("Mailbox Values") and Harte Hanks ("Potpourri"). [see Q3 for how to deal with these two .] You won't be able to tell which pieces are coming from mailers who have you directly on their lists until you've reduced your junk mail to a level that makes it worthwhile to individually call the sources of the mail you get.

Companies that sell lists

Dealing with re-sold lists is a long process. You have to find out who's selling your name, and ask them to stop. There are two possible approaches to tracking down the companies that are selling your name. You can either ask the companies that are sending you the mail, or you can track the spread of your name and address.

If you're not getting much junk mail, you can easily call the companies that sent you something and ask where they got your name. As long as you're polite, the people in the direct mail department are quite willing to tell you this. Often they will tell you the names of the two or three places from whom they bought lists in the last month, and you can figure out which one knows about you. Other times if you read them the codes on the mailing label, they can tell you exactly who it was. You can also head off the problem entirely by always telling organizations which you deal with through the mail that you don't want them selling your name. You can do this with a note when you order something or send your dues, or you can send them a separate note or call their national office on the phone.

How to track the spread of your name

If you're getting a fair amount of junk mail, it's probably easier to start by adding markers to the address used by correspondents you want to continue to receive mail from. A simple trick you can use is to modify your name in some way that you keep track of. When you receive something unsolicited in the mail, you check your list and see where they got your address.

I use different middle initials with different organizations, but you could also change how you spell your first or last name, or add an apartment number to your address (or add a superfluous letter to your already-numbered apartment). If you are dealing with a professional organization, you might add a title, or a department name.

Asking to be removed from a list

Once you've identified a particular company and want them to remove you from their list, (either the one they mail to directly, or the one they sell) there are a few common steps to take. Start by calling customer service and tell them you want to stop getting mail. Then follow up by keeping track of mail you get from them, or mail addressed to the name you only use with them.

When you call again in a few weeks or a month (depending on how long they said it would take), you want to be able to tell them what in particular you received, and when, so they can figure out which list they missed the first time. In all cases,

be polite, don't refer to "junk mail" unless the clerk wants to know why you care, and be persistent. If the person you are talking to doesn't know what to do, ask to speak to their supervisor, and be willing to patiently explain your predicament again.

Tactics that won't help

I assume that your objective is to receive less mail. You might also be interested in encouraging mailers to send junk mail less often. The following are tactics that won't succeed at either of these goals, but (if you're vindictive) might make you feel better.

Using Business Reply Envelopes to complain will usually not get the attention of the mailing company. If you attach them to a brick or overfill the envelope, the post office will discard them. If you send them back empty, or with a complaint about the catalogue you didn't want, they'll be discarded by the people who open the envelopes. The mail is usually opened by people who only get paid for actual orders they pass on to the company, so they don't often bother to relay complaints or count the number of replies that didn't contain orders.

Your use of the BRE will cost them money, but they'll never notice it, so this won't cause them to change the way they do business. (Unless the number of people sending empty BRE's becomes a substantial fraction of the number sending orders. This might lower the effectiveness enough that they'd stop doing mail order. Not likely.)

If you want the company to pay attention, get in touch with their customer service people. Most of the time, the company never even saw your name, so they can't do much to keep you from getting future ads. They buy lists from other companies, and those other companies are the ones you need to get in touch with. They might be interested if you were offended by their ad, but otherwise they'll just point out that many people order merchandise from them in response to the mailing. If you want to stop getting the mail, find out who they buy names from, and get those people to stop selling your name.

Q1. How do I contact the big companies that sell lists?

A1. The best place to start is the Direct Marketing Association. Their member

organizations are some of the direct mailers who send the stuff. They apparently don't accept phone calls any more. Their mailing address is

Direct Marketing Association
PO Box 9008
Farmingdale NY 11735

They also have a telemarketing suppression file, which you should also request explicitly.

Direct Marketing Association
Telemarketing Suppression File
PO Box 9014
Farmingdale NY 11735-9014

Other big list resellers include:

R. L. Polk & Company
List Compilation and Development
6400 Monroe Boulevard
Taylor, MI 48180-1814

Donnelley Marketing Inc.
Data Base operations
1235 N Avenue
Nevada, IA 50201-1419;

Metromail Corp.
List Maintenance
901 W. Bond
Lincoln, NE 68521;

Database America
Compilation Department
100 Paragon Drive
Montvale, NJ 07645-0419

Dunn & Bradstreet
Customer Service
Bay)
899 Eaton Avenue
Bethlehem, PA 18025
54115

Consumer Preferred
(National Merchandising Corp of Green
922 Oak St
De Pere, Wi

Q2. Who else can help me stop getting junk mail?

A2.

Stop Junk Mail Association
3020 Bridgeway #150
Sausalito, CA 94965
(800)827-5549

Another firm that acts to stop junk mail for its subscribers is Private Citizen, Inc. The fee is \$10. PCI also handles telemarketing calls for an added \$20. Folks can get membership materials by calling 1-800-CUT-JUNK.

Q3. How do I stop the loose unaddressed flyers I get twice a week?

A3. There are two different companies: ADVO ("Mailbox Values") and Harte Hanks ("Potpourri") that send these out in different areas around the US. The advertising is sent as a "supplement" to an address card which has the postage-paid notice on it.

These bundles are sent to every address in the affected areas, and it takes two separate actions to stop it. First you have to get ADVO or Harte Hanks to stop printing the address card, and only then can you get your mail carrier to stop delivering the advertising.

Both ADVO and Harte Hanks have local offices scattered around the country, and the best way to get off their list is to talk to the local office. The cards usually have

the local phone number on them, or at least an address (call directory assistance.) Ask for the circulation department, and call back in a week to check that they really did remove your address. Be prepared to wait 8 weeks for the mail to stop. They'll occasionally "accidentally" send out another card, but it's easier to stop them the second time.

Your postal carrier "knows" that everyone on the route is supposed to get one, so she'll keep delivering them even if it looks like the address card is lost. It's against the law for them to deliver unaddressed mail, so it only takes a phone call to the supervisor at the local post office to convince the carrier to stop. There will occasionally be a mistake after that (when there's a substitute or new carrier) but it doesn't take very many calls to convince the supervisor you really mean it. There's no need to threaten lawsuits or anything, just tell them you received unaddressed mail. With ADVO and Potpourri, you may have to point out that you found out how to get off the lists before they understand, but the postal supervisors do know what the law says.

In many rural areas, ADVO uses "rural route" addressing, which means that they don't put individual addresses on the cover cards. (When I talked to them, they claimed they were in the process of converting all their areas to individual addresses, but it may take a while.) If your card comes addressed just to "rural route #1", you can still get the post office to stop delivering to you, but it's more work. Instead of getting ADVO to stop generating an address card for you, you have to get them to tell the post office that they no longer want you to get one of their packets. Once you've gotten ADVO to tell the post office, you can start bugging the carrier to stop delivering your copy. It's more work than when they use individual addresses, but several people have told me that this process works.

Dealing with specific types of organizations

Here's a list of some of the kinds of organizations that direct marketers buy names from and what you can do about each.

Mail-Order Catalogues

Use a distinct address with each catalogue you order from. Your name will occasionally be sold to someone you don't want to hear from, and you have to

know where they got your name to make it stop. When you find that a catalogue resells your name to places you don't like, ask them to add your name to their suppression list. Most don't have any trouble with this request.

One thing to be careful about: many will "correct" your name and address from your checks, so you have to continually make sure that they're using the name/address you chose for them. I have my checks printed without name or address so I can choose what each organization sees. You're always supposed to write down the account number anyway.

Memberships In Organizations

(charitable, political, religious, professional, etc.)

Just like mail-order catalogues; use a distinct address for each. Many will sell your name without warning.

Phone Book Listing

Many organizations build their address lists from telephone directories. In addition, these lists can be cross-matched with others and occasionally they'll make inferences based on your listing. (sex from first name, ethnicity from last name, profession from title, etc.) You can get an unlisted number, but there are directories that include those listings, they just cost more. A cheaper way to have an unlisted number is to pick a fake name for the directory. Any phone calls or mail for that particular name you can be sure are junk.

Warranties/Product Registration Cards

You are seldom required to send in registration cards in order to be covered by a warranty. Most of these cards are sent to the National Demographics and Lifestyles Company which compiles direct mail lists of people based on the life-style, family income, and buying habits that people describe on the cards. Write to them at:

National Demographics and Lifestyles Company
List Order Department
1621 18th St.
Suite 300

Denver, CO 80202

800/900 Number Services

800 and 900 number services can easily find out your name and address when you call (they use reverse directories indexed by your phone number.) Many of them compile and sell lists of people who are interested in their product or watch their TV show. Make your 800-number phone calls during a break at work. Don't call 900-number services unless you don't mind your name appearing on lists of people who use the particular service.

Contests (You May Already Be A Winner!)

There Ain't No Such Thing As A Free Lunch! There are some real contests that give out real money, but not many, and the odds are never very good. Many things advertised as contests these days are just fishing expeditions for names to add to mailing lists. Others are serious fraud. Never give out credit card numbers over the phone unless you're positive the company you're calling is reputable.

Credit Cards

Some credit card companies sell lists of customers to direct mailers. They know a lot about your lifestyle: what you buy, where you travel, and how much you spend. Banks don't seem to use the same information from your checks, so if you're looking for a little more privacy...

Birth Certificates, Marriage Licenses, Property Records

You can't do much about these except use a variant spelling and track down each use of the name. Most of the list compilers are willing to drop your name if you ask.

Credit Bureaus

Two of the major credit bureaus still sell lists based on their databases. You can contact them at:

TRW

Target Marketing Services Division

Mail Preference Service

901 N. International Parkway
Suite 191
Richardson TX 75081

Trans Union
555 W. Adams St.
8th Floor
Chicago, IL 60661

Change of Address notices

The post office sells the names and addresses from its Change of Address cards. They even encourage bulk mailers to use the data so there will be fewer miss-addressed letters. If you're having trouble dealing with the junk and want to stop getting it, contact all your correspondents individually and don't fill out the Post office's form.